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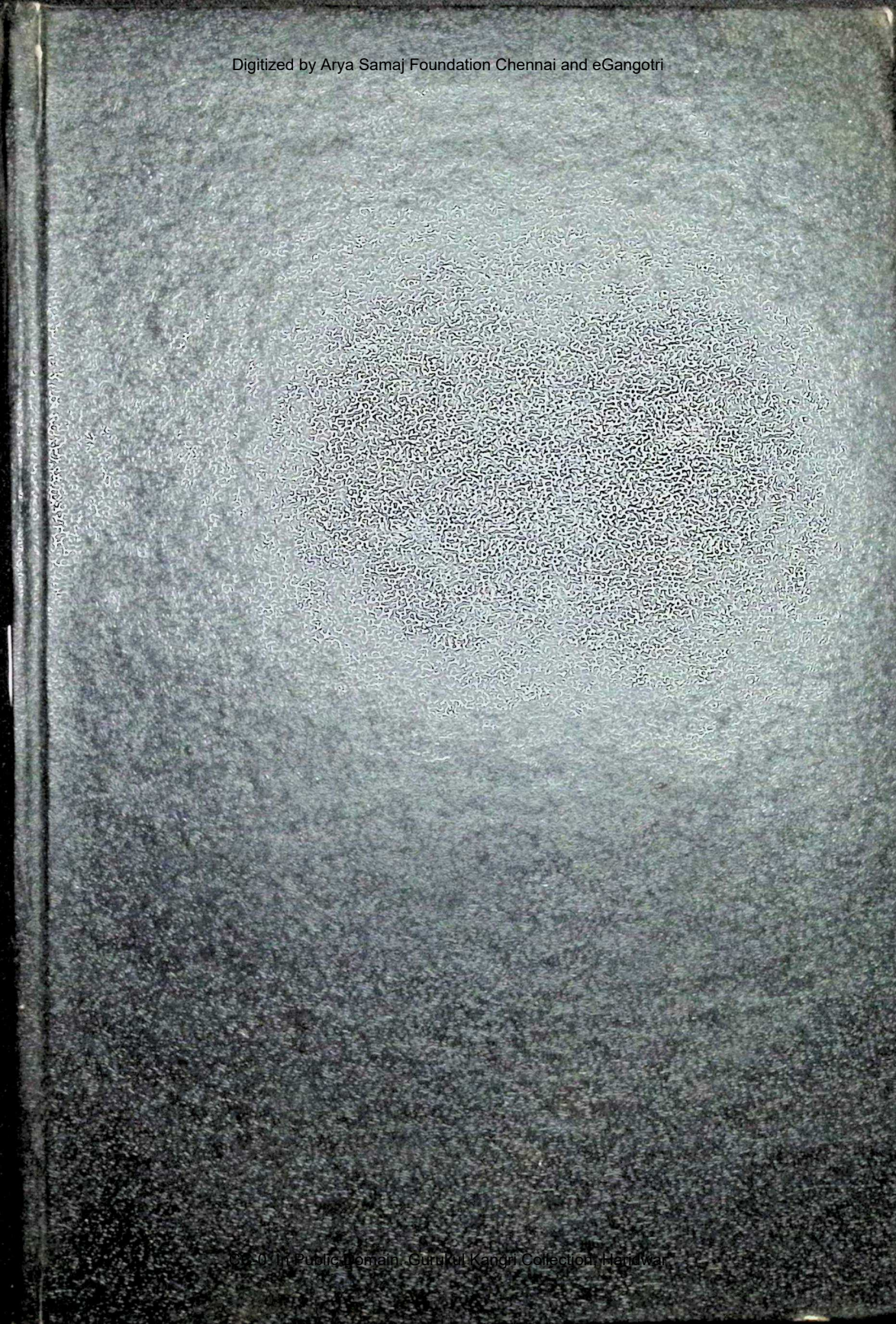

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Contemporary Southeast Asia, Volume 12, Number 1, June 1990

The Transformation of Vietnam's World-view: From Two Camps to Interdependence*

GARETH PORTER

Until the mid-1980s, the world-view held by the leadership of the Vietnamese Communist Party was based on orthodox Marxist-Leninist beliefs that world politics was a class struggle between the proletariat and the bourgeoisie. From its inception, the Vietnamese communist regime saw the world primarily as a mortal struggle between imperialist and revolutionary camps. But Hanoi carried out a far-reaching reassessment of global economics and politics in the latter half of the 1980s, culminating in the acceptance by the Vietnamese Political Bureau of a new world-view in 1988, based on the assumption that the most important reality for Vietnam is the necessity to find a niche in the world economy. Elements of the old world-view continue to coexist with the new one, however, producing continuing debates and shift in emphasis from struggle against imperialism to economic interdependence.

Until the latter half of the 1980s, the Vietnamese Communist Party (VCP) leadership shared an orthodox Leninist view of world politics as a struggle between socialism and capitalism to determine "who will defeat whom". But, in the past few years, the VCP has been engaged in a major debate on fundamental Leninist theses and has revised its world-view. The transformation from a world-view based entirely on the struggle between two systems to one based on an economic interdependence model is not yet complete, but is already far advanced. This article traces the evolution of the debates and the process of ideological revision, from its first stirrings in 1984 to the beginning of 1990.

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What this article refers to as "world-view" is the system of beliefs that guides the foreign policy decision-making of any state. A state's world-view determines its "definition of the situation" in foreign policy. It is a filter through which a state interprets events and places them in familiar categories, selects certain features of the global or regional situation as salient, and ignores or downplays others. It is the conceptual structure on which foreign policy decisions are based.

Up to the mid-1980s, the Vietnamese Communist Party's world-view was shaped by the assumptions of the Communist International in the 1930s when the Vietnamese Party was founded: the historical era was defined by the world-wide struggle between the proleṭariat, representing the rising forces of socialism, and the bourgeoisie, representing the decaying system of capitalism. This class struggle is constantly unfolding both on the international plane and within each country.[1]

From the time of the founding of the Democratic Republic of Vietnam (DRV) in September 1945, Vietnamese leaders identified four major contradictions in world politics: between imperialist countries and the USSR, between the bourgeoisie and the proletariat, between oppressed peoples and colonialism, and among imperialist countries themselves.[2] Even as the newly established DRV courted the United States as a source of support against France, it identified the United States as aiming to "establish a front to encircle the Soviet Union. . . ."[3] By January 1948, the Vietnamese had concluded, in line with the Soviet analysis, that the forces of "imperialism had gradually become two clear-cut blocs".[4] As the "democratic and socialist system" became a world system stretching from Central Europe through the Soviet Union and China to the DRV in Southeast Asia, the VCP viewed the anti-French struggle as "only part of the struggle between the post-World War II anti-imperialist and imperialist anti-democratic blocs" and the DRV itself as the "advance post" of the system "on the line of defence against imperialism in Southeast Asia".[5]

The Vietnamese viewed the imperialist and socialist camps as locked in a struggle in which "one will disappear and one will survive" (*mot mat, mot con*). In comparing the strengths of the two camps, moreover, the VCP tended to be more optimistic than either the Soviet or Chinese parties. In the late 1950s and early 1960s, the Soviets were arguing that the world situation was unfavourable to an offensive posture by the socialist camp against imperialism, because of U.S. superiority in nuclear forces as well as in industrial production and technology. In 1961, however, the Vietnamese affirmed that the world revolution was in an "offensive posture" and had "general superiority" over the forces of imperialism and reaction, despite the latter's "partial and temporary" advantages.[6]

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In the early 1970s Hanoi adopted the Soviet idea of "three revolutionary currents", which held that the development of the socialist camp, the "national liberation struggle" and the struggle of workers and other "progressive forces" in capitalist countries were reinforcing one another to push back imperialism and advance the world revolution.[7] This favourable assessment of the "relationship of forces" between the two camps was reaffirmed in the early 1980s despite the formation of a broad international coalition which brought multifaceted pressures against Vietnam after its invasion of Cambodia.[8]

Only in the latter half of the 1980s did this triumphalist revolutionary view of the world undergo fundamental revision. Several historical developments have converged to push the Vietnamese leadership to modify its traditional two-camp view of the world. First, the VCP leadership's complete ignorance of the workings of the global capitalist economy began to dissipate in the 1980s, as the newly-industrializing countries (NICs) of East Asia provided a striking model of capitalist development, and Foreign Minister and Deputy Premier Nguyen Co Thach became a self-educated student of the subject.[9] Secondly, the growing Vietnamese awareness of prolonged economic stagnation in the socialist world created doubts about the central doctrine of socialism's inevitable victory over capitalism. Thirdly, the "new thinking" of Soviet Party chief Mikhail Gorbachev legitimized Vietnamese analysis of these unpleasant realities. Fourthly, major power politics entered a new period of triangular *détente* and concern with economics in the 1980s, giving further impetus to a non-traditional view of global politics.

Party leaders, however, did not completely abandon their view of the world as a struggle between two systems, and there were signs of lingering ambivalence and debate among Hanoi's leaders about how much emphasis should be placed on the overriding importance of the global economy and on the orthodox theme of struggle. In this debate, Nguyen Co Thach, the leading advocate of a revised world-view, has clearly emerged as the dominant figure in the Vietnamese leadership in interpreting the world situation.

The origins of the revised Vietnamese world-view lie in the Vietnamese response to global economic interdependence. The issue of whether socialist and capitalist systems were two separate systems or were integrated into a single world market had long been a divisive issue within the socialist camp. In a 1951 textbook, Josef Stalin had put forward the thesis that, as a consequence of World War II, the "all-embracing world market" had disappeared, and that two totally separate markets — one socialist, the other capitalist — had emerged.[10] That thesis was hotly debated in China during the 1950s, as Maoist foes of reliance on close

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co-operation with the Soviet Union argued that a single world market integrating capitalist and socialist economies was an inescapable fact.[11] The official Chinese position remained, however, that the socialist and capitalist markets were still essentially independent of one another, and few Chinese economists questioned it.[12] The first published analysis to take that position only came out in 1984.[13]

In the Soviet Union itself, specialists on the world economy began to acknowledge without fanfare in the early Brezhnev period that there was a single world market, as East-West trade began to expand rapidly. This *de facto* revision of the Stalinist thesis, however, was never officially accepted by the party leadership, which feared that a public acknowledgement of economic interdependence would undercut its strategy of ideological and political competition with the West.[14] It was not until the Gorbachev period that the Soviet communist party officially embraced the view that there was a single world market.

The Vietnamese acceptance of the Stalinist thesis had been a core component of its world-view. In the 1950s and 1960s, the Vietnamese party leadership had viewed the socialist world economic system as operating on completely different principles from those of the capitalist world economy. It rejected Soviet suggestions of a division of labour within the socialist international system, because it feared that that would relegate Vietnam to the function of providing primary products to the Soviet Union and other socialist bloc countries in return for manufactured goods. Hanoi demanded that its relations with the socialist economic bloc permit each country to become a "sovereign economic unit developed to a high level...", meaning that each member of the bloc would have a heavy industry sector that would make it independent of more developed states for most basic manufactured goods.[15]

After reunification in 1975, Hanoi still did not envision Vietnam participating in a global economic division of labour. Vietnamese party leaders recognized the need to obtain technology and capital in order to develop, but they assumed that the most important factor in Vietnam's economic development would be massive aid from the United States and from the Soviet bloc. Even after the post-war shift in Soviet aid from large-scale grant commodity aid from the Soviet Union and China to loans repayable in the export of primary products, the VCP was still oriented towards obtaining loans and grant aid rather than increasing foreign investment and exports to the world market as the motor of growth.

Vietnam's accumulation of foreign debt, mostly to the USSR, as its annual trade deficits mounted, constituted a mounting pressure on Hanoi to change its perspective on the world economy. In response to the need to export a much higher volume of products, the VCP leadership finally

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abandoned its dream of rapidly building up an economy with a highly-developed heavy industry sector; it conceded that there was no alternative for Vietnam but to accept its role in the global economic division of labour on the basis of its existing economic assets.

This Vietnamese rethinking about relations with the world economy was reflected in the decision of the Sixth Central Committee Plenum of July 1984 to make increasing exports a task of "paramount importance" to the country.[16] General Secretary Le Duan pointed to the fact that Vietnam was building socialism in a "new world situation" with three major characteristics: first, a division of labour was being achieved within the socialist "world system" on an "ever growing scale"; secondly, there was a single world market, in which socialist and capitalist economies were becoming increasingly "interdependent and have an increasingly direct effect on one another"; and thirdly, the global scientific and technological revolution was making it possible for developing countries to take "relatively short paths" to economic modernization.[17]

This reconceptualization of the world economy had far-reaching implications for Vietnam's development strategy. While the primary task associated with this view was participation in the economic division of labour in the socialist organization for economic co-operation, COMECON, a second explicit task was to achieve a "breakthrough" in trade with capitalist countries and the removal of "the embargo placed on us by the imperialists and expansionists". In order to increase exports, Le Duan called for increased understanding of the world market and an expansion of external co-operation, including taking out loans for capital investment and promotion of joint ventures.[18] In short, the Vietnamese leadership now accepted the need for Vietnam to participate actively in the global capitalist-dominated division of labour as well as the division of labour within COMECON.

Having accepted the thesis that there was a single world market in which Vietnam had to participate more fully, the Vietnamese leadership had to determine what, if any, *political* implications could be drawn from that thesis. The documents of the Sixth Party Congress in December 1986 indicate that significant differences had developed within the party leadership over that issue, with Foreign Minister Nguyen Co Thach taking a more innovative position than the majority of the Political Bureau.

The section on the international environment in the Political Report viewed the "active and offensive position" of the revolutionary forces in a "struggle between two opposing sociopolitical systems in the world" as the central feature of the international situation. It acknowledged that the scientific and technological revolution, the internationalization of production, and the creation of a single world market constituted a significant

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change in the global economy, but referred to it only as "a salient feature of our times". It did not mention the "relatively short paths" to development that had been referred to by Le Duan in 1984. It suggested, moreover, that the scientific-technological revolution and accompanying developments were making "more acute the contradictions of our time", that is, the contradictions between capitalism and socialism and class conflicts around the world. While conceding that the capitalist and socialist systems need co-operation for their respective development, it argued that the two opposing systems were also engaged in a "fierce struggle" against each other.[19]

Foreign Minister Nguyen Co Thach's address to the Congress, on the other hand, failed to even mention the struggle between the two systems or the offensive position of revolutionary forces in the world. Instead, Thach's analysis centred on the thesis that the world economy "is entering a period of the most profound changes since the industrial revolution some 200 years ago".[20] Thach observed that the economies of various countries were now "linked with one another into an integrated whole which is the world economy". The significance of economic interdependence, the internationalization of production and the new stage of the scientific-technical revolution since the mid-1970s, he asserted, was not that they sharpened the contradictions between the two socio-political systems but that they were "forcing all countries to restructure their economies" in order to "find for themselves the optimal position in the international division of labour". Thach was thus moving away from the traditional Vietnamese view of the world as a struggle between two camps for dominance to one in which states with different systems faced similar challenges in a single overarching economic system.

Thach also emphasized that the scientific-technical revolution offered underdeveloped countries "a new road to industrialization", requiring less time, capital and natural resources than the traditional road. Thach was acknowledging, in effect, the route to industrialization pursued by the newly industrializing countries of Asia — a path that was made possible by foreign investment from advanced capitalist states and exports to major capitalist markets.

Furthermore, Thach redefined one of the central concepts in the traditional Vietnamese world-view to accommodate the alternative he was beginning to construct. "Our country needs to combine more closely the strength of the nation with that of our time", he said, "especially with the strength of world socialism". Up to that time, the concept of the "strength of our time" had been defined as "the combined strength of the three revolutionary currents — the forces that provide the momentum for the transition of the world from capitalism to socialism".[21]

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But Thach was implying that the "strength of our time" was no longer those forces arrayed against imperialism and capitalism but the new potential for rapid industrialization through participation in the global division of labour — whether among socialist nations or in the broader capitalist system.

During the following two years, the minority view expressed by Thach was further elaborated in the pages of the Party's theoretical journal. Shortly after the Sixth Congress, the Party's theoretical journal, in an article on changes in the Soviet economy and society under Gorbachev, addressed for the first time the political implications of economic interdependence. It endorsed the Soviet General Secretary's concept of "common security", meaning that neither the socialist system nor the capitalist system could consider its own security needs in isolation from the security needs of the other system. The journal referred to a "new perception of international security and co-operation within the context of peaceful coexistence based on a balance of strategic forces". Contrasting the "general character of the world today" with that of earlier years, the author noted the rise of "mutual dependency among countries", which demanded "co-operation, a basic prerequisite to the maintenance of common security". While "struggle and [competition] between the two systems" would continue, it would be constrained by the need to avoid undermining the military or economic security of the capitalist world.[22]

The "new thinking" of Mikhail Gorbachev clearly had a direct impact on the Vietnamese reassessment of its world-view, but Hanoi did not need Soviet prodding to recognize new realities that could not be explained by its old assumptions. The Vietnamese could no longer ignore the impressive economic growth achieved by previously underdeveloped capitalist states in East Asia, such as South Korea, Taiwan, and some ASEAN states, thanks to their integration into the system of Pacific economic co-operation. An analysis of the Asia-Pacific region in early 1987 did not try to deny the region's high growth rates throughout the 1970s and 1980s. Instead, it related that growth to the rising rates of investments of capital and technology in the region by the United States and Japan in search of low labour costs, high labour productivity and high economic efficiency.[23]

Despite his complaint that U.S.-Japanese plans for a "Pacific Community" would put the economies in the region under their joint control, the author denied any Vietnamese opposition to "Pacific economic co-operation", as long as it is not organized within a bloc that is "anti-socialist" or "imposed by any power". While the analysis made the usual Marxist-Leninist references to "contradictions" in the region (economic competition between the United States and Japan and trade conflicts between the U.S.-Japanese tandem and the ASEAN states), it concluded that "the capabilities and

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premises have emerged in the Asia-Pacific for the establishment of a system of security and co-operation throughout the region".[24]

In contrast to co-operation with the capitalist states as the dominant theme, the Political Report of the VCP National Congress had a few months earlier called the Asia-Pacific region "a center of fierce struggle between revolution and counterrevolution", albeit within the context of peaceful co-existence. It had emphasized the U.S. "Asia-Pacific strategy", allegedly aimed at "furthering their imperialist interest" as a threat to the socialist countries in the region.[25] This Report was thus notable in recasting the Vietnamese image of the Asia-Pacific region from one of struggle between the forces of imperialism and revolution to one of regional co-operation across ideological lines to promote peace and economic growth.

By the mid-1980s, the continued vibrancy of the capitalist economies, despite predictions of "prolonged crisis", and the relative stagnation of the socialist economies of Eastern Europe, had provoked serious doubts about the familiar argument that the socialist world was in the process of defeating the capitalist system. Hanoi had always held the view that the strengthening of the socialist states is the "decisive factor in the development of human society".[26] The Vietnamese leadership regarded the superiority of socialism as an economic system over capitalism as the primary indicator of the direction of global change, citing Lenin's dictum that "this system defeats that when its labour productivity is higher".[27]

In the late 1950s, Hanoi had been confident that the Soviet Union would outstrip the United States in industrial production by the early 1970s.[29] When the Soviets failed to catch up by then, the Vietnamese had explained that the United States was still able to rely on its "relative superiority" in productivity to influence the world situation, but held that the productive forces of the Soviet Union had "come close to equalling those of capitalism" and would "overtake the capitalist world in a few years".[29] The Fifth Party Congress of 1982 reaffirmed the view that the capitalist world was in "prolonged crisis" and that the socialist countries were overtaking the capitalist countries in rates of growth.[30]

By the second half of the 1980s, however, Vietnamese expectations of an early shift in economic supremacy from the capitalist states to the Soviet Union had begun to fade. In 1986, the Party's theoretical journal explicitly conceded that the United States had increased its economic strength in the first half of the 1980s but failed to mention economic crisis as a factor in the international situation.[31] The Political Report at the Sixth Congress no longer claimed that capitalism had "exhausted its capacity for development" or that the Soviet bloc was overtaking the capitalist states in productivity. The case for the inevitable victory of socialism over capitalism rested on the assertion that the further development of technology

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and production forces in the capitalist states would make the internal contradictions of capitalism "more acute".[32]

The Sixth Congress's encouragement of more open debate and Soviet General Secretary Mikhail Gorbachev's candid admission of the failure of the Soviet economy in competition with the West emboldened Vietnamese researchers and theorists to abandon the effort to prove that socialism was on the verge of demonstrating its superiority. Gorbachev's assessment, at a Central Committee plenum in June 1987, that the gap between the Soviet Union and the most advanced countries, especially in science and technology, had "begun to increase unfavorably for us", was soon quoted in Vietnam's economic journal. It appeared in an analysis showing that socialist countries had entered a period of economic crisis by the late 1970s and had been forced to undertake economic reforms to stem their economic decline.[33]

In early 1988, the Party's theoretical journal published its first critical evaluation of changes in the international situation. The analysis by a Foreign Ministry official who was presumably reflecting the views of Thach himself, suggested that far-reaching changes in the structure of world politics invalidated the two-camp thesis that had been at the core of the Party's world-view for nearly six decades. It criticized the Party's tendency to be "satisfied with boilerplate models such as 'two camps, four contradictions' and to force all international events into those boilerplate models".[34]

The author portrayed the world as "full of complex contradictions". The emergence of the socialist world system, the collapse of the colonial system, and the "linkage and interdependence and interpenetration among capitalist countries generally and imperialist countries specifically", he argued, had "caused basic contradictions in the capitalist system to change both in content and intensity of impact" and "forced imperialism to recalculate its ambitions". The implication was that the old Leninist image of imperialist countries who could go to war over markets or to expand their power no longer fit the international reality.[35]

An even more fundamental departure from past orthodox Marxist-Leninist theory was the recognition that alongside the "complex contraditions dividing mankind" was a new "tendency to internationalize economic, political and cultural life on the globe. . ." The author explained this unifying tendency as the result of the international division of labour and the "broadening of international exchanges". "Internationalization", he argued, was "increasingly becoming the main trend, allowing us to speak of 'a world community', . . . 'universal consciousness', . . . etc".[36]

The author criticized Vietnam's failure in the early post-war period to "fully realize the dependence of our national development on the general

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trend of development in the world". He also called for new thinking on the whole issue of "enemies" in international relations, warning, "We cannot mechanically apply the concept of friend and foe in the internal class struggle of each country to international relations". Since class struggle on the international level is focused first and foremost on the problem of peace, he argued, distinguishing between friend and foe "must be on the basis of that common struggle". Vietnam would inevitably make mistakes, he argued, if it determined whether a country was its enemy "on the basis of the national viewpoint alone, without considering the interests of the people of other countries in the struggle for the common goal of the era".[37]

By redefining international class struggle so that it could be made compatible with friendly relations with any power willing to coexist peacefully, the author was, in effect, making a carefully worded and indirect argument for dropping the formula that had defined the United States as the enemy of the Vietnamese and world revolutions.[38] The article did not mean that the leadership had officially concluded that it should no longer regard the United States as an enemy, but it did indicate that such a proposal was being advanced within the leadership, at least by Foreign Minister Thach, and that it was being floated to a wider party audience.[39]

The revisionist view of world politics was encouraged by Vietnamese perceptions of new developments in major power relations. From the early 1980s to mid-1986, the Vietnamese Party had portrayed big power relations as a "bitter struggle between two systems", in which the United States and its allies were stepping up the arms race and threatening world peace,[40] and the People's Republic of China (PRC) was aligned with the United States and the West against the world revolution.[41] Between the Sixth Party Congress and mid-1988, however, the Vietnamese leadership developed a new analysis of the longer-term trends in the policies of the major powers that supported a revised world-view.

After the completion of the Intermediate-Range Nuclear Forces (INF) Treaty, the continued progress in Sino-Soviet talks on normalization, and the Soviet withdrawal from Afghanistan, Vietnamese leaders concluded that there was a trend in major power relations towards co-operation in solving problems and concentration on economic development.[42] This observation became the basis of a thesis about a fundamental shift in relations among the major powers, from struggle for power to stable *détente*.[43]

In May 1988, the VCP Political Bureau secretly passed "Resolution 13" — its first major resolution on the international situation and foreign policy since the Sixth Plenum. While the resolution has never been made public, its contents were anticipated by the *Tap Chi Cong San* article in early 1988 and were reflected in background interviews by Vietnamese diplomats and published interviews and articles by Thach.[44] It was a bold,

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sweeping new analysis of the dynamics of global politics and economics that bore the unmistakeable mark of Nguyen Co Thach's influence.

Superpower relations were portrayed in the document as having moved away from "cold war" conflict to "both struggle for and co-operation in peaceful coexistence".[45] The resolution suggested that *détente* between the Soviet Union and China as well as between the Soviet Union and the United States would remain relatively stable for at least the next decade. Economic relations, it predicted, would dominate among the three states, as competition shifts from political-military influence to economic and technological development. Hence, none of the three powers could afford to be bogged down in conflict, and the trend towards co-operation in resolving regional political–military conflicts would continue to develop.

China, which had been perceived by the Vietnamese as both aggressively expansionist and anti-Soviet in the past, was now seen as having a fundamental interest in good relations with the Soviet Union, for both economic and political reasons. Economically, China wished to take advantage of the Soviet market for its products; politically, Beijing had decided to shift from siding with one superpower against the other to standing between the two and using the contradictions between them for Chinese interests. China was still seen as having ambitions to become a superpower, and this would create a conflict of interest with Vietnam.[46] But it was also portrayed as having a "long-term and basic" interest in "peace and development" that would temper its ambitions and make peaceful coexistence possible. The conflicts between China and Vietnam were now seen as "temporary and not grave" alongside their common interests.[47]

Interviews and a major article in the party's theoretical journal by Nguyen Co Thach, the driving force behind the construction of a new Vietnamese world-view, gave further insights into Resolution 13.[48]

The overarching theme of Thach's formulation of the new world-view was that the decade of the 1980s represented a "new stage of development", which was the most profound change since the Russian Revolution. Changes in global economic forces beyond the control of any power — primarily the continuing development of the technological revolution and the internationalization of production — had brought about "infrastructural changes in international relations". The new challenges inherent in the restructuring of world politics, in turn, were "changing men's way of thinking".

Nations with the greatest capability for economic development were not those that were most independent economically but those with the greatest economic links with other nations. Moreover, the movement of production across national and ideological boundaries created a single world market and brought a high level of economic co-operation between countries with different social systems. This new level of economic interaction,

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he asserted, had been "gradually breaking down the barriers" of cold-war political-military alliances by creating mutual economic interdependence, which in turn created security interdependence.

Not only do states now need co-operation with one another in order to maintain economic development, according to Thach, but with the acceleration of technological development and trade competition, great powers and small countries alike would have to concentrate their energies and resources on taking advantage of the opportunities presented by the new economic forces. The alternative facing all countries is to "experience fast development and surge forward or to risk being left far behind". Hence, the struggle in world politics is being transferred from the political–military field to economics.

Major powers as well as smaller states alike must try to avoid external military adventures and "vigorously reduce the burden of national defence expenses" in order to compete effectively in the economic race. There was already a trend towards both disarmament and the settlement of regional conflicts through negotiations.

Thach suggested that these fundamental economic and political changes had rendered useless the "old way of thinking that has prevailed over the past seventy years" — an obvious reference to the orthodox Marxist-Leninist world-view. The Foreign Minister said these new conditions held both unprecedented opportunities for economic development and risks of national disaster. By taking full advantage of the potentials of the system, he said, a country could become a "developed industrial state" within ten to twenty years. But Thach implied that Vietnam had already missed an opportunity to do precisely that, presumably because it had failed to fully open itself to foreign investment after the Vietnam War and instead became involved in its military occupation of Kampuchea. "If we miss it this time around", he warned, "the extremely great dangers to the future of our nation will be unfathomable". The first priority for Vietnam, therefore, was to "strive for an optimal position in the international division of labour".

The new Vietnamese world-view articulated by Thach represented an implicit redefinition of national security, from a conception that was primarily ideological, geostrategic and military, to one that was essentially economic. In the past, Vietnamese leaders had seen the security of their country as dependent on preventing hostile foreign powers from gaining dominant influence in Laos and Kampuchea. Thus, the unity of the three countries of Indochina, at least with regard to general foreign policy orientation, had been the foundation of Vietnamese security.[49]

In the revised world-view, however, the concept of Indochinese unity no longer dominated Vietnamese thinking about security. "We must not allow local, transient problems to distract us from the direction of [our]

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basic objective", said Thach.[50] That could only mean that, in the future, Vietnam would not be diverted by conflicts with China over Kampuchea or the Spratly islands into military commitments that could interfere with its economic development. Instead, those traditional security issues would be subordinated to its fundamental interest in exploiting opportunities for economic development.

After the adoption of Resolution 13, some VCP ideological specialists raised the issue of abandoning one of the ideological bases of the old Vietnamese world-view: that this historical era was characterized by the victory of socialism over capitalism.[51] In a bold reassessment of socialism and capitalism in the modern world, an official of the Party's Marx-Lenin Institute told Party leaders in 1988 that socialism, as practised up to that time, had proven inferior to capitalism in terms of productivity, quality, and economic efficiency. Instead of plunging into the general crisis which had been predicted for so long by Marxist-Leninists, the official noted that the capitalist economies had continued to develop, while the socialist countries had failed in their competition with capitalist countries.

The ideological specialist concluded that socialist countries had to learn and adopt for themselves some of the central features of the capitalist economies, most notably the use of competition as the driving force in the development of science and technology. The implications of this new situation for Marxist-Leninist principles, he suggested, were starkly clear: the familiar notions that class struggle is the motor of social change and that in that struggle, one social system must survive at the expense of the other "can no longer be used". In their place, he proposed that questions of class struggle had to be resolved by political struggle, and that relations between socialism and capitalism had to be "shifted from opposition to dialogue..." He concluded that "the previous Marxist-Leninist viewpoint regarding 'peace as a temporary pause'...did not refer to the present stage".

This viewpoint appears to have had high-level political support. According to the official who presented it to the Party Political Bureau, the majority acknowledged the need for such fundamental changes, while a "few comrades" opposed the new viewpoint. Political Bureau decision-making on issues involving central ideological issues had in the past been based on consensus. This meant that old policies and positions would not be abandoned unless everyone on the body agreed.[52] It would appear that the minority of hold-outs in the VCP leadership have been able to block the final abandonment of the two-camp struggle thesis.

But the proponents of an interdependence-oriented view of the world clearly had the initiative. When Thach presented the first full-length formulation of the new world-view in mid-1989, his bow to the orthodox

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Marxist-Leninist doctrines that class struggle is the motor of history and that "mankind will advance toward socialism" was limited to a short, penultimate paragraph in an eight-page article.[53]

The Vietnamese response to the collapse of Polish and Hungarian communist regimes in the summer of 1989 touched off a new round of debate within the Political Bureau and Central Committee over the world situation. Hardliners responded to the Polish and Hungarian debacles by forcing the Party to retreat from Resolution 13's emphasis on the global economy and interdependence, and to re-emphasize the global conflict between socialism and imperialism. At its Sixth Plenum in the second half of August, the Party Central Committee expressed alarm at the fact that "imperialism and international reaction" were carrying out a "peaceful evolution strategy" to eliminate socialism from the world. The VCP called for communists to increase their vigilance towards such "schemes".[54]

The Sixth Plenum opened the way for a spate of articles on the threat from imperialism to socialism and reaffirming the Party's belief in socialism's final victory. The Party theoretical journal addressed U.S. ambitions for East Asian hegemony for the first time since the Sixth Congress.[55] The military newspaper attacked imperialism's use of opposition elements in Eastern Europe to undermine socialism and its intention to provide assistance to the private sector in those countries.[56]

The following day, the same paper blamed regional conflicts on U.S. imperialism's refusal to "recognize the right to [self-] determination of nations". It appeared to contradict at least the spirit of Resolution 13 by asserting that not all regional conflicts were susceptible to a negotiated political solution.[57] The monthly military journal editorialized that new "offensives" by capitalist forces against socialism made it incumbent on communists to "hold fast to the working class stance". Its lead article reassured readers of the "final victory of socialism and the inevitable collapse of capitalism".[58]

As more Eastern European regimes collapsed, however, and the breadth and depth of the crisis in Eastern European communism became evident in late 1989, the VCP leadership reconsidered the meaning of these events. As a result, it decided to put those developments in the context of the imperatives of global economic interdependence and the necessity for economic and political adjustments by all nation states. A November 1989 Central Committee plenum concluded that the collapse of socialist regimes in Eastern Europe was the result primarily of a failure to restructure their economies rapidly enough in the 1970s and 1980s — even as the capitalist countries were successfully doing so and emerging from their economic crisis after 1982. The plenum also identified errors of "subjectivism and voluntarism" by Party leaders in Eastern Europe as well as slowness in

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expanding economic co-operation with the capitalist countries as causes. These failures in turn led to "non-antagonistic contradictions" within those societies becoming "antagonistic contradictions". While affirming that imperialism had taken advantage of the internal contradictions within socialist systems to promote its anti-communist schemes, the plenum gave primary emphasis to the failure of socialist regimes to understand the requirements of the new historical era.[59]

The events of 1989 have nevertheless left their mark on the VCP leadership. While Resolution 13 and its portrayal of a world dominated by economic forces beyond the control of either capitalist or socialist states has not been abandoned, the Vietnamese leadership has never held such a pessimistic view of the "correlation" between the forces of capitalism and the forces of socialism as it does today. The place of the "struggle between two systems" in the Vietnamese world-view must, therefore, loom larger than it did in 1988. Some VCP leaders have posed the question, for example, of whether East-West *détente* is an expression of interdependence and economic forces, as argued in Resolution 13, or of imperialism's scheme to eliminate socialism.[60]

The Vietnamese Communist Party's world-view will continue to evolve, as it has in the past, in response to both changing developments in world politics and the domestic needs of Vietnam and the VCP itself. Whether the transformation from two camps to interdependence is completed in the next few years will depend on whether the Political Bureau is primarily preoccupied with the fear of the extinction of Leninist socialism in the world or with the task of finding its niche in the world economy.

NOTES

* This is a revised version of a paper presented at the Annual Convention of the Association for Asian Studies, 17–19 March 1989, Washington D.C.

1. For a summary presentation of the Vietnamese view of the "historical era", see *Mot So Hieu Biet ve Chu Nghia Cong San* [Some Knowledge about Communism] (Hanoi: Training and Study Department, Committee on Propaganda and Instruction, Vietnam Worker's Party, 1973), pp. 54–67; and Hoang Tung, *The Tien Cong cua Ba Dong Thac Cach Mang* [The Offensive Posture of the Three Revolutionary Currents] (Hanoi: Su That, 1978), pp. 37–67.
2. National Resistance Order, 25 November 1945, *Lich Su Dang Cong San Viet Nam* [History of the Vietnamese Communist Party], vol. II (1945–54) (Hanoi: Sach Giao Khoa Mac-Le-Nin, 1979), p. 6.
3. Ibid., p. 8.
4. "Resolution of the Broadened Central Committee Conference", 15–17 January 1948, in ibid., p. 142.

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5. Truong Chinh's article in *Su That*, 18 February 1950; and Truong Chinh, *Cach Mang Dan Toc Dan Chu Nhan Dan Viet Nam, Tac Pham Chon Loc* [The Vietnamese National Democratic Revolution: Selected Works] (Hanoi: Su That, 1975), pp. 238–40.
6. The contrasting Soviet and Vietnamese positions of the late 1950s and early 1960s are described in a later internal Vietnamese study document. See *Tai Lieu Huong Dan Hoc Tap Nghi Quyet Dai Hoi Lan Thu IV cua Dang* (Guidance Document for Studying the Resolution of the Fourth Party Congress) (Hanoi: Nha Xuat Ban Sach Giao Khoa Mac-Le-Nin, 1977), pp. 78–86.
7. The "three revolutionary currents" concept was credited by the Vietnamese to Soviet ideologist Mikhail Suslov, who first put it forward in 1969. See Huynh Kim Khanh, "Neighbors, Friends and Rivals: Changing Vietnam's Foreign Policy Perspectives" (Paper presented at a conference on "Managing Conflict in Southeast Asia: Cambodia and Beyond", Chiang Mai, Thailand, 21–24 February 1989).
8. Vu Tien, "The World Situation and Our Party and State's Foreign Policy", *Tap Chi Cong San*, no. 5 (May 1982); and *Foreign Broadcast Information Service (FBIS), Asia and Pacific*, 1 July 1982, p. K2. For an analysis of Vietnam's world-view in the early 1980s, see Gareth Porter, "Hanoi's Strategic Perspective and the Sino-Vietnamese Conflict", *Pacific Affairs* 57, no. 1 (Spring 1984): 7–25.
9. Beginning in the early 1980s, Thach became an avid reader of textbooks and other analyses of capitalist economics. He asked American officials and other visitors to bring him books on capitalist economics, and thus acquired a large library of such books.
10. Elizabeth Valkenier, *The Soviet Union and the Third World: An Economic Bind* (New York: Praeger, 1983), pp. 39–40.
11. See Edward Friedman, "On Maoist Conceptualizations of the Capitalist World System", *China Quarterly* 80 (December 1979): 919–24.
12. Talk by Ding Xinghao, Deputy Director of American Studies, Shanghai Institute for International Studies, at the Johns Hopkins University School of Advanced International Studies, Washington, D.C., 18 March 1985.
13. Huan Xiang, "International Conflicts and Our Choices", *Beijing Review*, no. 48 (26 November 1984), p. 16.
14. Valkenier, *The Soviet Union and the Third World*, pp. 40–54.
15. Resolution of the Ninth Central Committee Plenum, December 1963, quoted in Pham Hung, "Tu Luc Canh Sinh, Can Kiem Xay Dung Chu Nghia Xa Hoi va Dau Tranh De Thuc Hien Hoa Binh Thong Nhat Nuoc Nha" [Self Reliantly and Industriously Build Socialism and Struggle to Achieve Peace and National Unity], *Hoc Tap*, no. 5 (May 1964), p. 8.
16. Editorial, *Nhan Dan*, 17 August 1984. The editorial noted that the main reason for the slow increase in exports was that for a "relatively long period of time", the "prevailing tendency" had been to rely on loans and foreign aid rather than exports as the primary means to achieve economic development.
17. Speech by Le Duan, 3 July 1984, *FBIS, Asia and Pacific*, 20 August 1984, p. K4–5.
18. Ibid., p. K6–7.
19. Political Report of the Central Committee at the Sixth National Congress of Delegates, 15 December 1987; translated in Joint Publications Research Service *(JPRS)-SEA-87-066* 7 May 1987, pp. 44–45.
20. *Nhan Dan*, 19 December 1986; translated in *JPRS-SEA-87-066*, 7 May 1987, pp. 232–33.
21. *Communist Party of Viet Nam, 4th National Congress: Documents* (Hanoi: Foreign Languages Publishing House, 1977), pp. 148–49.
22. Le Tinh, "The Soviet Economy and Society since the 27th Congress of the CPSU", *Tap Chi Cong San*, no. 4 (April 1987); *JPRS-ATC-87-003*, 8 September 1987, p. 59.

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23. Kieu Nguyen, "Asia-Pacific: Security and Cooperation", *Tap Chi Cong San*, no. 8 (August 1987); translated in *JPRS-ATC-87-007*, 1 December 1987, p. 50.
24. Ibid., pp. 49–50.
25. Political Report, p. 46.
26. Luu Quy Ky, "Nhung Thay Doi Sau Sac tren The Gioi trong Mot Phan Thu They Ky Qua" [Profound Changes in the World in the Past Quarter Century], *Hoc Tap*, no. 9 (1974) p. 77.
27. *Tai Lieu Huong Dan Hock Tap Nghi Quyet Dai Hoi Lan Thu IV* [Guidance Document for Studying the Resolution of the Fourth Party Congress] (Hanoi: Nhat Xuat Ban Sach Giao Khoa Mac-Le-Nin, 1977), marked for internal circulation, p. 92.
28. Le Duan, "Historic Tasks of the International Communist Movement", *Vietnam News Agency*, 17 January 1958; and *FBIS*, 29 January 1958.
29. *Guidance Document, Fourth Party Congress*, pp. 92–93.
30. *Tai Lieu Huong Dan Hoc Tap Nghi Quyet Dai Hoi Lan Thu V cua Dang* [Guidance Document for the Study of the Fifth Party Congress Resolution] (Hanoi: Nha Xuat Ban Sach Giao Khoa Mac-Le-Nin, 1982), vol. I, p. 95.
31. See Hoang Chi, "The World Situation and the Foreign Policy of Our Party and State", *Tap Chi Cong San*, no. 8 (August 1986); translated in *JPRS-SEA-86-208*, 1 December 1986, p. 59.
32. Political Report, pp. 44–45.
33. Xuan Ninh, "Su Chuyen Huong Chien Luoc Kinh Te cua Cac Nuoc Xa Hoi Chu Nghia tong Nhung Nam 80" [Changes of Economic Strategies of Socialist Countries in the 1980s], *Nghien Cuu Kinh Te*, no. 3 (June 1988), pp. 42–46.
34. Phan Doan Nam, "Mot Vai Suy Nghi ve Doi Moi Tu Duy Doi Ngoai" [Some Thoughts on Renovation of Thinking in Foreign Affairs], *Tap Chi Cong San*, no. 2 (February 1988), p. 52.
35. Ibid.
36. Ibid., p. 53.
37. Ibid., p. 54.
38. In its study guide for cadres on the Fifth Congress Resolution, the Party affirmed the conclusion first reached by the Central Committee at its Fourth Plenum in 1978 that "U.S. imperialism is the fundamental enemy of the Vietnamese revolution and of the world revolution, and the Chinese expansionists and hegemonists are the direct and dangerous enemy of the Vietnamese and Indochinese revolution and dangerous sabotaging enemy of the world revolution". See *Guidance Document . . . Fifth Party Congress*, p. 116.
39. One Vietnamese diplomat later commented in an interview in February 1989 that there had been "no official discussion on this issue", but suggested that "things are changing".
40. See, for example, Party General Secretary Le Duan's address to the Hanoi Party organization, 14 June 1983, in *FBIS, Asia and Pacific*, 14 June 1983, p. K6. This general view of the world situation was reaffirmed in Hoang Chi, "The World Situation and the Foreign Policy of Our Party and State", *Tap Chi Cong San*, no. 8 (August 1986); translated in *JPRS-SEA-86-208*, 1 December 1986, p. 63.
41. This Vietnamese view explicitly contradicted the Soviet assumption after 1982 that the Chinese were no longer opposed to the Soviet Union and the socialist camp in general. See Dao Duy Tung, "Some Problems of the Fourth Central Committee Plenum Resolution", in *Nam Vung Quan Diem Chi Dao cua Hoi Nghi Trung Uong Lan Thu 4* [Grasp the Guiding Viewpoint of the Fourth Central Committee Plenum] (Hanoi: Nha Xuat Ban Thong Tin Ly Luan, 1983), marked for internal distribution, pp. 83–86.

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42. Notes of interview by Trinh Thi Ngoc Diep, University of Hawaii, with Ambassador Le Mai, Bangkok, 12 January 1988.
43. These two paragraphs are based on an interview with a Vietnamese diplomat who asked not be identified, February 1989.
44. Resolution 13 is referred to by Thach in an interview in the first issue of *Quan He Quoc Te* [International Relations], November 1989, p. 3. The description of the resolution's contents is inferred from the interviews and documents cited, none of which actually refer to the resolution.
45. Interview with General Secretary Nguyen Van Linh by the Indian newspaper *National Herald*, 11 January 1989; reported by Hanoi Radio Domestic Service, 22 January 1989; *FBIS-EAS-89-014*, 24 January 1989, p. 57.
46. Interview with a Vietnamese diplomat, February 1989.
47. Ibid.; and interview with Nguyen Van Linh in *National Herald*, p. 58.
48. Interview with Thach by *Vietnam Courier*, Vietnam News Agency, 31 December 1988 (*FBIS-EAS-89-001*, 3 January 1989, pp. 70–72); and interview with Thach by an unidentified reporter in *Nhan Dan*, 1 January 1989 (*FBIS-EAS-89-012*, 19 January 1989, pp. 53–56). See also Nguyen Co Thach, "All for Peace, National Independence and Development", *Tap Chi Cong San* (August 1989); translated in *FBIS-EAS-89-175*, pp. 63–68.
49. See William S. Turley, "Hanoi's Challenge to Southeast Asian Regional Order", in *Asian Pacific Security: Emerging Challenges and Responses*, edited by Young Whan Kihl and Lawrence E. Grinter (Boulder, Colo: Westview, 1986), pp. 1981–85; and Gareth Porter, "Vietnamese Communist Policy toward Kampuchea: 1930 to 1970", in *Revolution and Its Aftermath in Kampuchea: Eight Essays* (Yale University Southeast Asia Studies Monograph Series, no. 25, 1983), pp. 57–98.
50. *Nhan Dan* (interview), p. 54.
51. These paragraphs are based on Nguyen The Phan, "Tai Lieu Tham Khao" [Reference Document] (Summary views of the Director of Theoretical Information, Marx-Lenin Institute, and Member of the Preparatory Committee for the Seventh Party Congress, presented to leading cadres in Ho Chi Minh City, dated August 1988), mimeographed. This four-page document, which had been circulated outside party circles, was given to a Western journalist in 1989 in Ho Chi Minh City by a non-Party source.
52. For a discussion and documentation of this point, see the chapter on policy-making in Gareth Porter, *Vietnam: The Politics of Bureaucratic Socialism* (Ithaca, N.Y.: Cornell University Press, forthcoming).
53. Thach "All for Peace, National Independence and Development", p. 68.
54. Excerpt from a speech by SRV Defence Minister Le Duc Anh, 6 September 1989, on Hanoi Radio Domestic Service, 7 September 1989 (*FBIS-EAS-89-173*, 8 September 1989, p. 59).
55. Ho Bat Khuat, "Asia and the Pacific in Face of the Bush Administration's Ambitions", *Tap Chi Cong San* (September 1989); translated in *FBIS-EAS-89-198*, 16 October 1989, pp. 52–55.
56. *Quan Doi Nhan Dan*, 13 September 1989: quoted in *FBIS-EAS-89-195*, 11 October 1989, pp. 53–56. See also Quang Loi, "Peaceful Evolution: Imperialism's Pernicious Offensive Blow", *Tap Chi Tuyen Truyen* [Propaganda Review] (October 1989); and Hanoi Radio Domestic Service, 3 December 1989 (*FBIS-EAS-69-232*, 5 December 1989, pp. 70–72).
57. See "World Detente and the Stamping Out of Regional Hotbeds", *Quan Doi Nhan Dan*, 14 September 1989 (*FBIS-EAS-89-194*, pp. 70–72).
58. Hanoi Radio Domestic Service, summary of the contents of the October 1989 issue of *Tap Chi Quoc Phong Toan Dan*, 5 November 1989 (*FBIS-EAS-89-220*, 16 November 1989, p. 57).

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59. See speech by Tran Xuan Bach, 13 December 1989, in Hanoi Radio Domestic Service, 5 January 1990 (*FBIS-EAS-90-005*, 8 January 1990, p. 68); speech by Vo Chi Cong, 15 December 1989, in *Vietnam News Agency*, 19 December 1989 (*FBIS-EAS-89-243*, 20 December 1989, pp. 67–68); and H.V., "Vay Sui Nghi ve Tinh Hinh Ca Nuoc Xa Hoi Chu Nghia Nam 1989" [Some Thoughts on the Situation of Socialists Countries in 1989], *Quan He Quoc Te*, no. 2 (December 1989), p. 10.
60. See, for example, the station commentary on Hanoi Radio, International Service, 16 January 1990 (*FBIS-EAS-90-011*, 7 January 1990, p. 69).

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A New Scramble for the South China Sea Islands

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This article surveys the developments in the Spratly islands since 1986 when China began to intensify its naval activities in the area, thereby spurring a five-power scramble for the control of these islands, particularly after the March 1988 naval skirmish between Vietnam and China. The article also examines the problems and prospects of a negotiated settlement of the increasingly complex dispute, and analyses the dilemmas confronting all the five countries involved. It concludes with a pessimistic note that the situation is most likely to get worse before it can get better in the next few years.

Although the title of this article refers to the South China Sea islands in general, it is, in fact, focused on the dispute over the largest island group in the South China Sea, namely, the Spratly archipelago, because the other two island groups — the Paracels and the Pratas — are already under the effective control of China and Taiwan, respectively. The purpose of this article is to summarize recent developments and examine the problems and prospects of a negotiated settlement.

Background of the Dispute and Recent Developments

The background of the Spratly dispute has already been well documented.[1] Suffice it to mention here that the archipelago covers a sea area of more than 250,000 square kilometres and is made up of more than 230 barren islets, reefs, sand bars and atolls, about 180 of which have been named. About 20 of these are islands protruding above sea level, but only a very few of them have fresh water and, therefore, can sustain human life. Since

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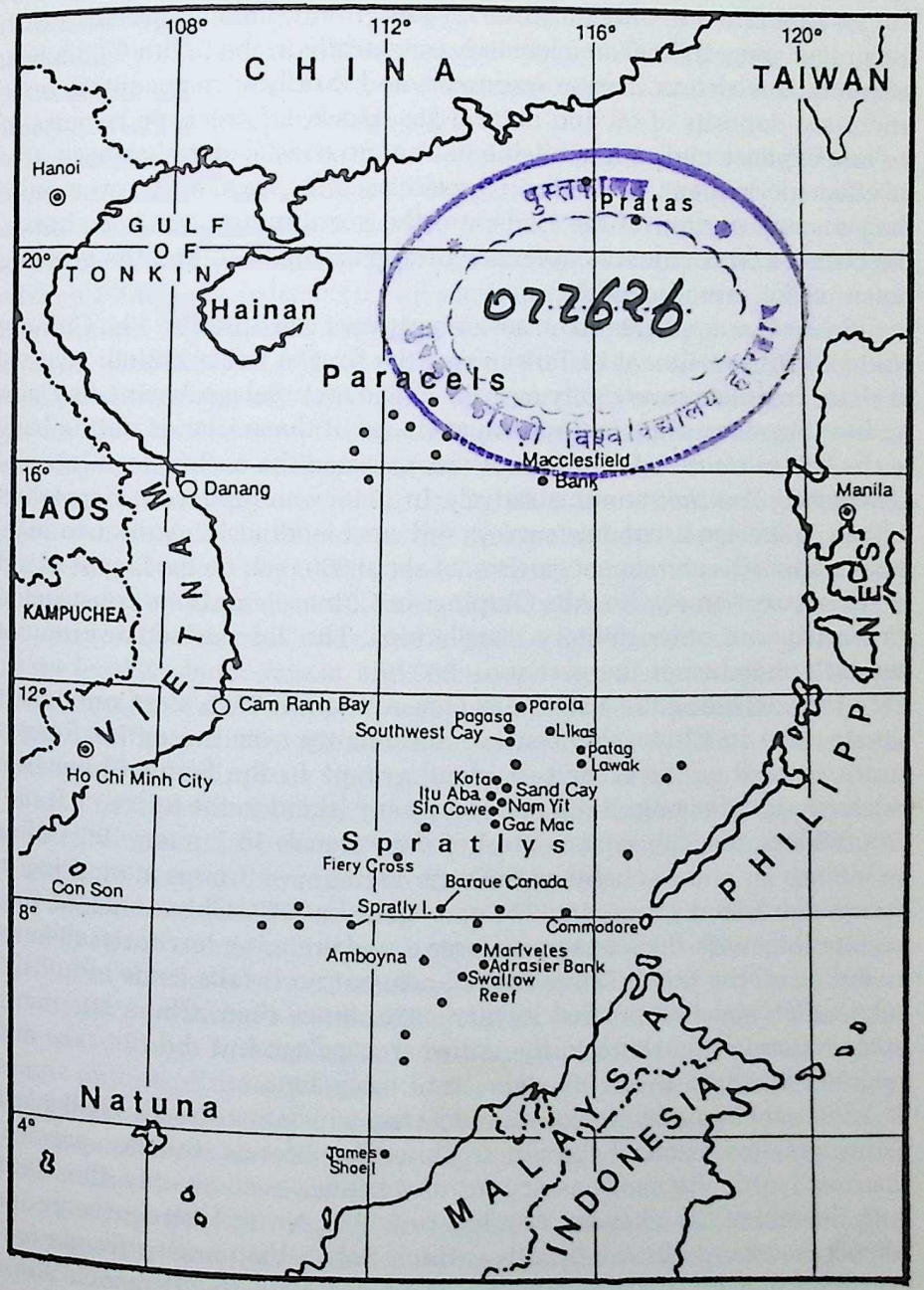
The South China Sea Islands



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the largest island is only 0.43 square kilometres in size, none of the islands can maintain large garrisons or military installations. Interest in the Spratlys has grown during the past two decades or so, especially after the 1973 oil crisis, mainly for three reasons: firstly, it encompasses a vast, integrated geographical area located strategically in the South China Sea; secondly, it is rich in marine resources; and thirdly, it may contain huge under-sea deposits of oil and natural gas. However, precisely because of its vast expanse and uninhabitable nature, no coastal state has been able to effect permanent settlement or exercise effective control over more than a small portion of the islets and the surrounding sea area; hence, the claims and counter-claims made on the archipelago and the growing potential for armed conflict.

So far five countries claim sovereignty over the Spratlys. The Chinese Nationalist Government in Taiwan was the first in the twentieth century to claim complete sovereignty over the entire archipelago, basing its claim on first discovery and continuous patronage of these islands dating back to the first century A.D. In 1946, it incorporated the archipelago into the Guangdong Province administratively. In 1948, warships were dispatched to the archipelago to conduct surveys and erect landmarks. And since 1956, it has stationed a permanent garrison of about 600 men on the largest island in the group, namely, Itu Aba (Taiping, in Chinese), and has constructed an airstrip and other military installations. The Taiwanese Government regularly replenishes the garrison.

After defeating the Nationalist Government in 1949, the Communist Government in China also claimed sovereignty over the entire Spratly group, as well as the other two island groups in the South China Sea. However, until recently, it did not occupy any island in the Spratlys. It did, nevertheless, forcibly seize control of the Paracels in January 1974 after an intense air and sea battle with South Vietnamese troops attempting to occupy the island group. In 1974 and again in 1977, China entered into negotiations with the Vietnamese over a wide-ranging territorial dispute including all the South China Sea islands, but no results came out of the talks which were suspended in June 1978. Since then, China has many times reiterated its claim to the entire archipelago but did not take any concrete action to assert its claim until early 1988.

Vietnam is another major claimant state which has directly challenged China's claims to all of the South China Sea islands. But, for political reasons, North Vietnam's assertions of sovereignty came only after 1975 with the end of the Vietnam War. In April 1975, North Vietnamese troops seized six islands in the Spratlys which South Vietnamese troops had occupied earlier in 1975 following their defeat in the Paracels. Since then, the reunified Vietnam has argued that Vietnamese discovery of,

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and unchallenged exercise of sovereignty over, the Spratlys date back to the early nineteenth century. Between 1975 and 1976, Hanoi discreetly but steadily expanded its area of control by occupying another seven islands or so, and built military installations on at least five of them. On the largest island that Hanoi has occupied, namely, Spratly Island (Truong Sa, in Vietnamese), an airstrip of about 500 metres long was constructed to allow small aircraft to land and take off.

The Philippines is the fourth major claimant state to the Spratlys. However, unlike the three preceding countries, it has not claimed the entire archipelago. Nor has it gone far back into history to substantiate its claim. It simply considered the archipelago as a *terra nullius* until 1956 when a Philippine fisherman and navigator, Tomas Cloma, "discovered" them on behalf of the Philippines. In 1971, the Philippine Government formally claimed sovereignty over about 60 islets, reefs and atolls in the archipelago and justified its claim on historical, economic and security grounds. It also renamed these islands "Kalayaan" (meaning, Freedom Islands), asserting that they were not part of the Spratlys and, therefore, did not belong to any other country. By 1975, the Philippines had landed troops on at least six islands in the archipelago. In March 1976, President Marcos created the Philippines Western Command with instructions to defend the Kalayaan at all costs. Military installations were soon constructed on the larger islands, and in 1982 a 1,800-metre runway was built on the largest island, Pagasa, and 500 troops were stationed on it. The total troop strength of the Philippine-occupied islands is estimated at about 1,000 men.[2] It is noteworthy that, in spite of its relatively late arrival in the Spratlys, the Philippines had an early start in effecting military occupation and also has the longest airstrip and the largest miltiary presence in the archipelago. Moreover, all the six islands under effective Filipino control are among the largest in the archipelago.

Malaysia is the fifth and last state to enter the dispute. It has staked its claim only to about a dozen tiny reefs and atolls in the southeastern portion of the Spratlys as a result of a national mapping exercise carried out in 1979, which listed eleven atolls as part of Malaysia's Exclusive Economic Zone. In May 1983, Kuala Lumpur, for the first time, landed troops on one of them, namely, Swallow Reef (Layang Layang in Malay), and has since maintained a platoon of soldiers on it. Since November 1986, two more platoons have been dispatched, one to Mariveles Reef (Matanani) and another to Dallas Reef (Ubi).[3]

Although the above survey already shows the pattern of an intensifying scramble for the Spratly islands, all the parties appear to have tried to avoid actual armed conflict with one another, and except for rather perfunctory protests made from time to time by the Chinese and Taiwanese

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governments, for decades the peace and tranquillity of the archipelago were hardly disturbed. However, the situation began to change in 1985 when China accelerated its naval modernization programme and suddenly increased its naval activities in the archipelago. Chinese Communist Party chief Hu Yaobang's visit to the Paracels in late December 1985 clearly signified a new upsurge of Chinese interest in the South China Sea.

In June 1986, the Chinese navy conducted its first large-scale manoeuvres in the "vast and unfamiliar" waters of the Western Pacific for ten days, involving a large number of different types of warships and even bombers.[4] Meanwhile, Chinese warships also began to sail into and around the Spratly archipelago in the course of their routine patrolling. But a major impetus to intensified Chinese activities was provided in March 1987 by the decision of an oceanic committee under the UNESCO to entrust China with the task of setting up two permanent observation posts in the Spratly archipelago.[5] Thus, in early April 1987, a large-scale, well organized Chinese scientific expedition to the Spratlys was launched for the first time. It conducted extensive surveys of more than ten islands in the archipelago during a period of 50 days.[6]

At about the same time, amidst disclosures by high-ranking Chinese naval officers that the Chinese navy had already entered a new era relying mainly on electronic devices, automation systems and guided missiles, Beijing, in an assertive tone, declared that China "reserves the right to recover" the Spratlys "at an appropriate time".[7] In late April 1987, the New China News Agency further revealed that the Chinese navy had already acquired the capability to patrol the Spratly islands and in fact had completed a comprehensive tour of the archipelago and even conducted a modern amphibious exercise on one of the islands.[8] From late May to early June, the Chinese navy reportedly carried out another major exercise in the archipelago.[9] China's heightened attention to the Spratlys was further underscored in July 1987, when the Spratly islands were declared as constituting part of the "strategic border" of the newly established Hainan province. From mid-October to the end of November 1987, the Chinese navy once again carried out a series of exercises in the Spratlys which extended as far as James Shoal (Zhengmu Ansha, in Chinese), the southernmost reef in the archipelago and almost 1,500 kilometres south of the Chinese mainland. The series of naval exercises was explicitly meant "to enhance the navy's capacity to carry out medium- and long-distance operation" and demonstrated China's capability to wage battle fairly far from home shores.[10] With the benefit of hindsight, China's increased naval activities in the Spratlys had all been connected with a decision to secure its first foothold in the archipelago, and by the end of 1987, all preparations had apparently been completed for China to act.

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The dramatic increase in China's naval activities in the Spratlys clearly alarmed other claimant states and prompted them to take action too, in order to consolidate their gains. Thus, in November 1986, Malaysia decided to dispatch troops to two more atolls, namely, Matanani and Ubi, over which it had claimed sovereignty. In April 1987, Vietnam, while protesting China's claim to the Spratlys and reiterating its own, also proceeded to occupy a new island, namely, Barque Canada Reef (Thu Yen Chai, in Vietnamese), bringing to fourteen the total number of islands it occupied in the Spratlys.[11] In late November 1987, a bill was drafted and tabled before the Philippine Congress to formally redefine the sea boundaries of the country to include the sixty islets or so in the Spratly archipelago.[12]

By February 1988, as the Chinese navy was intensifying its search for an appropriate island base in the Spratlys, Vietnam had charged that Chinese warships "hampered the circulation of Vietnamese vessels", in addition to violating Vietnamese sovereignty.[13] China immediately responded by asserting that Chinese warships were in the Spratlys for "survey, study, and routine patrol" and their presence was "entirely within China's sovereignty".[14] In late February, Hanoi for the first time accused Chinese troops of having landed on two reefs in the Spratlys and warned that it would have "disastrous consequences". But China again reaffirmed its sovereignty over the entire archipelago, completely ignoring Vietnam's warning.[15] Construction activities on China's first permanent base in the archipelago, namely Yongshu Jiao (Fiery Cross Reef), had apparently begun. To counter Chinese intrusion into what Vietnam considered to be its sphere of influence, Hanoi also proceeded to occupy four other islets during the first two months of 1988, bringing to eighteen the total number of islets occupied by Vietnam.[16] China, in order to secure an adequate protective cover for its new base, reportedly also occupied a few other reefs during the same period. The two sides were apparently heading for a collision.

The March 1988 Naval Incident and Its Aftermath

The increasingly close encounters between the Vietnamese and Chinese navies, accompanied by escalating charges and counter-charges, finally exploded into a violent clash on 14 March 1988. Apparently, Vietnam could no longer tolerate China's incursion into an area already well patrolled, supplied, and controlled by its vessels. It also sought at least to disrupt China's construction work on Yongshu Jiao. Presumably confident of its military superiority in the area, Hanoi considered it a relatively low risk to dislodge the Chinese from the archipelago. On the other hand, China was clearly determined to secure a foothold in the archipelago in the midst of the rapid expansion of the Vietnamese sphere of influence. Armed with

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the UNESCO request for the construction of two meteorological stations in the South China Sea, Beijing also felt perfectly justified in exercising its legitimate rights in the Spratly islands.

According to Hanoi, three Chinese warships equipped with missiles first intruded into the Sinh Ton islands on 14 March. Then, more than seventy armed personnel landed on Gac Ma Reef (Chigua, in Chinese). They removed a Vietnamese flag and planted a Chinese flag. When asked to leave, the Chinese opened fire on unarmed Vietnamese personnel on the reef. Chinese warships also begun shelling unarmed Vietnamese supply ships anchored nearby. As a result, one Vietnamese soldier was killed and 74 were reported missing.[17] According to Beijing, a Chinese survey team first landed on Chigua Jiao in order to set up an observation post. Then, three Vietnamese ships arrived on the scene and 43 Vietnamese armed personnel landed on the reef, too. When the Chinese asked them to leave, the Vietnamese opened fire and wounded one Chinese. The Vietnamese ships also began machine-gunning Chinese personnel onshore. Chinese vessels were, therefore, compelled to return the fire and eventually set all the three Vietnamese vessels ablaze. The battle lasted for only 28 minutes, with one Chinese casualty.[18]

The brief sea encounter in which China clearly emerged as the victor reaffirmed not only Beijing's determination to assert its sovereignty over the Spratlys, but also the superiority of its naval power *vis-à-vis* that of Vietnam. Although the number of Chinese warships participating in the clash was very small, they were better equipped and clearly possessed superior firepower. It is perhaps significant to note that after the incident, Chinese Foreign Minister Wu Xueqian brushed it aside as very small and relatively insignificant, thereby showing China's confidence in controlling the overall situation and even implying Beijing's readiness for a much larger-scale operation if and when the time should come.[19]

Following the clash, China sent more warships into the disputed area, apparently in preparation for possible Vietnamese retaliation. On the other hand, Vietnam was also determined to thwart further Chinese military expansion. Thus, in early April, Vietnam was reported to have amassed more than thirty ships of various sizes in the disputed area and also had increased its reconnaissance flights over it. China too had more than twenty naval ships on the scene, mostly of heavier tonnage than their Vietnamese counterparts and including one submarine.[20] As new war clouds were gathering over the Spratlys, Beijing gave another tough warning to Vietnam in early April that if Vietnam persisted in its activities of "military provocation", it would risk another naval battle with China.[21] Apparently to protect the construction work of the meteorological station on Yongshu Jiao in a crisis atmosphere, China also proceeded to

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consolidate its new sphere of influence by occupying another two reefs, bringing to six the total number of islets China had occupied since January 1988.[22] By early May, China was reported to have occupied a seventh islet and begun constructing military installations on at least two of the reefs it occupied.[23]

To counter the Chinese move, Vietnam by early April had also extended its control to three more islets, bringing to twenty-one the total number of islands occupied by Vietnam.[24] Moreover, to show its intention to stay in the conflict, Hanoi also warned Beijing that in spite of its massive economic woes, diplomatic isolation, and other internal problems, Vietnam was not going to let the disputed islands go without a fight.[25] Some time in late April and early May, the Vietnamese Defence Minister even made a visit to the disputed islands to reaffirm Vietnam's determination to defend the island group.[26] In early June, Vietnam also began its own construction work on the largest island under its occupation, namely, Truong Sa, by dispatching 150 workers there to build housing facilities for its newly reinforced troops.[27]

Amidst all these war preparations, the Chinese Foreign Ministry in mid-May issued a long statement demanding "solemnly" that Hanoi withdraw immediately from all the "illegally occupied islands and reefs of China's Nansha Islands".[28] By late May, China had stepped up patrols and reinforced its defences in the Spratlys. Its forces even carried out amphibious exercises in the disputed area involving naval aircraft.[29] In early June, Beijing further declared that the Chinese marine corps was beefing up its training and firepower in order "to defend the islands in the South China Sea". Moreover, a senior naval officer reiterated China's vow to recover all the twenty-one islands and reefs held by Vietnam "at an appropriate time".[30] In late July, China's permanent base on Yongshu Jiao was completed, thereby significantly boosting its military capability in the Spratlys. The base includes an ultra-modern oceanographic observation station which can receive and transmit messages through satellites and provide vital meteorological data to passing aircraft and ships. It even has a helipad and a 300-metre pier capable of handling 4,000-tonne ships. Direct postal and telecommunication links were also established between the personnel stationed on the reef and mainland China.[31] In order to protect this very vulnerable but militarily important base, the Chinese navy has since then not only maintained a regular presence in the surrounding waters but also conducted more exercises in the region.[32]

As China and Vietnam continued to rattle their sabres and exchange accusations, their violent clash and growing naval presence could not but also ring the alarm bells for all the other claimant states to the archipelago, prompting them to take action to safeguard their rights. Thus, on

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17 March 1988, immediately following the Sino-Vietnamese clash, Manila warned both Beijing and Hanoi not to interfere in the Manila-claimed islands.[33] In order to boost its own presence in the Spratlys, the Philippine Government in May also carried out a scientific mission to survey the economic resources of the sixty islets it claimed, particularly the six islands it actually occupied. Upon its return to Manila in late May, the group disclosed that Filipino troops on the islets had been put on full alert and additional marines and artillery pieces had been deployed.[34] In late August, the Philippine navy, apparently as a result of heightened vigilance, seized four Taiwanese fishing boats which had allegedly intruded into Philippine waters in the Spratly area.[35] Meanwhile, Malaysia did not sit idly by either. In an exercise similar to that conducted by the Philippines, the Malaysian navy on 5 April seized 49 Philippine fishermen who had allegedly entered Malaysian waters in the Spratly area near the Commodore Reef which Malaysia had claimed to be within its 200-mile Exclusive Economic Zone. The Philippines protested vehemently, arguing that its fishermen were operating within Philippine waters when they were captured.[36] By July, the increasingly close encounter of the two countries at sea prompted Manila to accuse Malaysia once again of having used its air force and navy to scare Philippine fishermen away from the Commodore Reef area in order to take over control of the fishing ground which had belonged to the Philippines for at least thirty years.[37] Kuala Lumpur's initial decision to prosecute these fishermen aroused vociferous anti-Malaysian sentiments in Manila in early August and even led to an opposition party's demand for the suspension of diplomatic relations with Malaysia.[38] Although Kuala Lumpur finally decided to release the Filipino fishermen, it declared that this "act of generosity" did not "prejudice Malaysia's claim to the area".[39] In fact, a decision had already been made to build a major naval base in Sandakan on the northern coast of Sabah and to complete it in one year's time, in order to cope with "increased foreign naval activities in the region".[40]

The Philippines declared upon the return of the captured fishermen that it would now send naval ships to escort Filipino fishermen operating in the Spratlys.[41] In September, Philippine Defence Secretary Fidel Ramos revealed that the military had already strengthened its naval and air defences in the south.[42] As the two otherwise comradely neighbours steadily built up their naval presence along the maritime dividing line which remains to be demarcated, more exchanges of accusations became inevitable. Thus, from August to September, the Philippines repeatedly accused Malaysia of violating Philippine waters and of even shooting at its fishermen on several occasions.[43] Malaysia denied such charges, arguing that it was merely honouring its commitment to defend its own territorial

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waters and Exclusive Economic Zone.[44] As a result of the continuing dispute, Malaysia in September declared that it would expand its defence capability in all its three services in anticipation of growing uncertainties in the 1990s.[45] Since Malaysia and the Philippines have overlapping claims with regard to their Exclusive Economic Zones, more tension is likely to result from their preparations for armed conflict.

That is not all. Even the hitherto low-profile, passive Taiwan also reacted promptly to the March clash between China and Vietnam. Apparently in response to the hostilities in the Spratlys, the Taiwanese navy conducted an emergency supply mission to Itu Aba in mid-March to prepare against any unanticipated crisis.[46] On 23 March the Taiwanese Defence Minister told the Parliament that while Taiwan would try not to get involved in the China-Vietnam conflict, Taiwanese troops would fight to the last man to defend Taiping Island against aggression from any side.[47] By April, the Taiwanese garrison on Taiping Island had been reinforced to cope with new contingencies.[48] In August, in another probably unscheduled supply mission to its base in the Spratlys, the Taiwanese navy even carried out an attack and defence exercise on its way there, in order to test out its fighting capabilities. The exercise involved two missile destroyers and a few supporting vessels.[49] Although the Taiwanese official position is to avoid confrontation with any other party as much as possible but to defend Taiping Island at all cost against intruders, its increased military presence inevitably adds another unpredictable variable to the increasingly tense situation in the Spratlys.

Prospects for a Negotiated Settlement

In spite of the heightened vigilance and stepped-up war preparations of all the contending parties, a large-scale military conflict between any two claimant states, including China and Vietnam, can be ruled out in the foreseeable future for a number of reasons. First, unlike the Paracels, which is a much more compact island group embracing no more than 30,000 square kilometres of land and sea area and also within striking distance of the Chinese air force units based on Hainan island, the Spratly archipelago is at least eight times bigger. As such, and being at least 300 kilometres off the nearest Philippine or Vietnamese coasts, it is also relatively distant from all the claimant states. The difficulty of covering more than a small portion of the archipelago in any military operation is made all the more conspicuous by the relative weakness of all the contending parties. Not one of them can be said to possess a credible blue-water navy essential for a successful military operation aimed at dislodging all the others from the archipelago. Even if one country has both the capability

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and intention to launch such an operation, it would not have the logistical means of securing effective occupation of all the islands, if only because most of them do not sustain human life on a permanent basis. The inherent vulnerability of all the islets in the Spratlys, therefore, makes it easier for the control of any one of them to change hands unpredictably, if not also repeatedly. The fact that five countries are involved in the dispute and each country has already established its own sphere of influence further complicates the situation. Any ambitious claimant state must think twice before embarking upon a military invasion against another, let alone a war of conquest against all. Moreover, at a time of *dètente* and *rapproachement* in Asia as well as at the global level, the political cost of large-scale military undertakings in the Spratly islands would clearly be too high for any party to contemplate.

All these constraints appear to render a negotiated settlement the only solution to the existing dispute. In fact, almost all the claimant states have expressed a willingness to settle the dispute through peaceful means, particularly after the March 1988 clash. Vietnam has been the country most enthusiastic about negotiations and has repeatedly urged China to hold talks, both before and after the naval clash.[50] Having a far more impressive military presence than China does in the archipelago and in control of the largest number of islets, Hanoi apparently believes that it can bargain from a position of strength. On 17 March, three days after the China-Vietnam naval incident, Manila also urged China and Vietnam to settle the dispute through peaceful means. It further reminded both Hanoi and Beijing of their earlier agreement with Manila on the peaceful settlement of all disputes.[51] In early April, a Philippine delegation visiting Hanoi reached another agreement with Vietnam on the non-use of force in the settlement of all disputes between the two countries, including the dispute over the Spratly islands.[52] During her visit to China in April, Philippine President Corazon Aquino also agreed with China to shelve the dispute for the time being.[53] In late April, Vietnamese Deputy Foreign Minister Tran Quang Co, visiting Manila, once again told reporters that all sides must refrain from any resort to force over disputes in the region, and stressed the need for a peaceful solution to the problem in the Spratly islands.[54]

At about the same time, Malaysia also came out saying that the dispute over the Spratly islands could be resolved only through discussions, not by force or war, and announced its readiness to hold talks with any claimant state to resolve the dispute.[55] In late June, the Malaysian Deputy Prime Minister reiterated Malaysia's readiness to hold negotiations with "any other country" over the Spratly dispute based on international law and practice.[56] On the other hand, in spite of the high tension between Malaysia and the Philippines over the fishermen's arrest and trial, which

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lasted until August 1988, as well as their prolonged maritime border dispute, President Aquino in September 1988 publicly ruled out an armed solution to any border conflict with Malaysia. In fact, she disclosed that representatives from the two countries would soon meet to discuss the dispute over the Spratly islands and hoped that it would be the beginning of other bilateral talks on the same issue.[57]

Even China, whose comprehensive claim to the archipelago is sharply contrasted by its control of only a few tiny reefs and atolls, is not opposed to the idea of negotiations. As early as 6 April 1988, a senior Chinese official had declared that China's dispute with Malaysia and the Philippines over the Spratlys could be resolved through friendly discussions.[58] In addition to its agreement with the Philippines in late April to resolve the dispute at a later date, the Chinese Foreign Minister in mid-May 1988 again expressed Beijing's readiness to settle the entire dispute "through consultation at a later date" if Vietnam withdrew from the Spratlys completely.[59] In September 1988, the Chinese ambassador to Manila reiterated that China did not wish to see military confrontation in the Spratly islands and would seek a settlement with other countries "at an appropriate time through friendly consultations".[60] When the Vietnamese Deputy Foreign Minister visited Beijing in January 1989 to talk to his Chinese counterpart for the first time in ten years, it was also reported in the Chinese press that the Spratly issue was touched upon, thereby reflecting China's willingness to discuss the issue with Vietnam, too.[61]

The only party which has so far not shown a clear attitude towards negotiations is Taiwan. For years, the Taiwanese Government has as a matter of routine protested against almost every act of "encroachment upon" its sovereign rights in the Spratlys by foreign countries, and customarily declared that such encroachments "would not in the least affect Taiwan's sovereignty over the Spratlys".[62] Judging from the nature of such protests, Taiwan appears quite unwilling to participate in any activity that may weaken its comprehensive claim to the archipelago. But Taiwan's hardline posture can also be attributed, at least partly, to the fact that none of the other four parties has ever shown any interest to negotiate with Taiwan or even approached it on the matter. In view of the alarming vulnerability of its only base on Taiping Island, which is not only surrounded by islands already occupied by Vietnam and the Philippines, but is also more than 1,200 kilometres away from Taiwan, Taipei is perhaps not necessarily genuinely opposed to a negotiated settlement as a way out of its increasingly acute dilemma.

A Negotiated Settlement: Problems

However, the objective need for a negotiated settlement and the expressed

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intention of almost all claimant parties to resolve the intricate dispute through negotiations by no means in themselves render the dispute more amenable to a peaceful solution. In fact, there are insurmountable obstacles to the very holding of such negotiations, let alone reaching an agreement acceptable to all. In view of the multi-party nature of the dispute, presumably only a multilateral conference is capable of producing a meaningful and enforceable agreement. Yet, the very holding of multilateral negotiations would presume the acceptance of the existing status quo either as a *fait accompli* or as a basis of compromise, which clearly is not equally appealing to all the five claimant states. While the Philippines and Malaysia, with limited claims to the archipelago, may well accept the format of multilateral talks quite readily, neither China, nor Vietnam or Taiwan could do so without immediately and inadvertently jeopardizing their long-standing comprehensive claims to the archipelago. This is particularly the case with Taiwan, whose unwillingness to commit itself to negotiation reflects not only its view of the status quo as illegal, but also its belief that negotiation can only lead to the legitimation of such a status quo. Indeed, in control of only one island, Taipei cannot possibly expect to gain anything from negotiation.

In a similar vein, the very decision to engage in multilateral talks on the part of China would not only undermine instantly its well-established position on the entire archipelago, but would also seriously weaken its already unenviable bargaining position. In dealing with one claimant state, namely Vietnam, China has already had a difficult time but yet could still persist in its comprehesive claim and demand complete Vietnamese withdrawal. In a multilateral setting, such a position or posture would clearly become untenable. In this connection, China's expressed willingness to settle the issue with Malaysia and the Philippines through friendly consultation may well be a calculated move to minimize the number of uncontrollable variables in its outstanding dispute with Vietnam and to avoid facing the political implications of simultaneously negotiating with all the major contending parties, rather than a sign of its acquiescence to the two countries' claims to the archipelago. Here, it is perhaps also important to note that China's willingness to discuss the matter with Vietnam recently has not in the least implied its readiness to compromise. In control of only a few tiny sand cays and atolls, it is quite clear that unless and until China's share of the archipelago becomes at least on par with Vietnam's, there is really no point for China to enter into any multilateral talks, as it could only convey an impression of China's weakness, rather than its strength.

An even more tricky issue involving Taiwan and China in any multilateral talks is what ought to be their respective stands on the format of

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such talks, even if both agree in principle to participate. To enter into negotiations as two separate and, therefore, contending parties clearly would immediately cancel out the claims of both to the island group, if not also reduce the talks to a wrangle over agenda and credentials. On the other hand, it is quite clear that the time is not ripe yet and will not be in the near future for both parties to form one single negotiating team to crystallize their common position that the entire Spratly archipelago has always belonged to China, that is, to one China. Although relations between the two sides of the Taiwan Strait are improving by leaps and bounds, their increasingly close contacts remain a far cry from political or diplomatic co-operation even in a symbolic sense. Partly for all these reasons, at least, Taiwan has shown little interest in negotiations and China has also merely endorsed it as a matter of principle but has preferred to approach this issue only on a bilateral basis.

Even Vietnam's persistent push for negotiations over the dispute has been mainly targeted at China, and Hanoi's conciliatory gestures to other parties have also been made on a bilateral, not multilateral, basis. In fact, here the calculations of Vietnam are presumably very similar to those of China. After all, like China, Vietnam, in expressing its willingness to settle the dispute with Malaysia and the Philippines through peaceful means, has not revealed a readiness to modify its comprehensive claim. As a matter of fact, having originally claimed sovereignty over all the archipelagoes in the South China Sea and having lost the Paracels to China, Hanoi is clearly determined to hold on to the Spratlys, and perhaps also anticipates that China will have to concede to its claim eventually. Already in control of the largest number of islands and having a determined military presence in the archipelago, Vietnam certainly is quite confident of retaining the upper hand in the prolonged dispute.

However, the infeasibility of multilateral negotiations in the foreseeable future and the various claimant states' preference for a bilateral approach does not necessarily make bilateral talks easier or more fruitful. It is quite clear that, even if Vietnam and China (with or without Taiwan joining China as one team) should decide to negotiate the dispute once again, they could not possibly overlook or simply brush aside the claims of the other states, much less their de facto control of significant portions of the archipelago. Similarly, a negotiated agreement between Malaysia and the Philippines on the dispute would be meaningless unless it has the prior, if only tacit, approval of both Vietnam and China and is also subsequently endorsed by the two major states, which is most unlikely. After all, the Philippines' claim overlaps mainly with those of other states, not with that of Malaysia alone. Therefore, bilateral talks between Malaysia and the Philippines would not serve a useful purpose to begin with.

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Since China and Vietnam have the strongest claims to the entire archipelago from a historical perspective, clearly, they will have to enter into negotiations first and resolve some matters of principle before other bilateral negotiations could take place and make progress. Yet, here the dilemma confronting both parties is a painful one: for each to insist on dislodging the other completely from the archipelago in order to substantiate its comprehensive claim is bound to produce a deadlock in talks, as has been the case in the two previous rounds of negotiations in the 1970s. It would be simply presumptuous and unrealistic for both to agree to a compromise in the form of some kind of division of spheres of influence as such a compromise would encroach upon the claims of the other states. On the other hand, if they are unable to reach such a compromise it would immediately weaken their respective bargaining positions *vis-à-vis* the Philippines and Malaysia, and would even signify automatically their acceptance of such claims. In view of the long-standing, emotion-charged dispute between China and Vietnam, neither party appears prepared to accept a compromise. Vietnam, already commanding a clear margin of superiority in the archipelago, certainly cannot be expected to give up its gains voluntarily, and is in fact well placed to push for more. China, at a clear disadvantage, is also most unlikely to accept the *fait accompli* of the Vietnamese occupation of as many as twenty-one islands in the archipelago. Ironically, although the Chinese presence is still limited, the continuous occupation of Itu Aba, the largest island in the archipelago, by Taiwanese troops for more than 35 years, lends important symbolic support to China's claim and also compels China to persist in a hard-line stance *vis-à-vis* Vietnam. Hence, the likelihood of little progress in any negotiations that might be held between China and Vietnam.

Even if any two or all of the five parties are eventually prepared for compromise and agree to sit down to talk on the basis of the existing status quo, there remains the fundamental and intractable problem of clearly dividing the contested islands and the adjacent sea areas between the claimant states to the satisfaction of all. Perhaps only Malaysia's claim, which is confined more or less to the southeastern portion of the archipelago, presents a relatively simple problem and can be easily separated from all the other claims. But the area most hotly contested lies in the central part of the archipelago, where the configurations of power as shown in the pattern of occupation by the various states is already such that it makes a clear-cut demarcation of spheres of influence virtually impossible without significant trade-offs. Moreover, in this area all the four states, particularly Vietnam, the Philippines and Taiwan, have also constructed military fortifications and even airstrips and therefore cannot be expected to surrender the islands to one another, much less to China.

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The criss-crossed nature of the actual areas occupied by these states, as well as their uneven shares, therefore, must have prevented all from pursuing the idea of negotiations whole-heartedly.

The Continuing Scramble

The practical difficulty of demarcating the sea boundaries, the poor prospect of fruitful bilateral talks, and the clear obstacles to holding multilateral negotiations all suggest that a negotiated settlement is still far away, and that the potential for armed conflict remains great. Precisely because effective occupation of vast areas of the archipelago remains a goal for all, and fruitful negotiation cannot be expected to begin, much less to bear results, in the near future, all parties, with the possible exception of Taiwan, are likely to continue to consolidate their gains in the archipelago and even to expand their respective areas of control in order to alter the status quo in their favour. Presumably, their immediate objective is to establish, as much as possible, a more or less integrated, delineable, and, therefore, defensible line of territorial control, if only to strengthen their respective bargaining positions at the negotiating table in the future. Such attempts or activities, however, are bound to generate tension and armed conflict between the various contending parties. At any rate, the contest over occupied islands and the scramble for still unoccupied islands is likely to continue and probably intensify in the immediate future. Although large-scale clashes are not desired by all nor affordable to any, small skirmishes are bound to occur from time to time, as one party edges into the perceived or actual territory of another.

Indeed, the most recent developments clearly indicate a pattern of growing conflict that will continue for some time. Thus, in mid-March 1989, Vietnam's naval chief Admiral Giap Van Cuong disclosed that Vietnam was prepared to expand its naval forces to include submarines, naval air force, and marine corps, in order to defend the Spratly islands.[63] This was immediately followed in late March by a conference of commanding officers from the navy's different units to discuss the construction of various projects on the Spratly archipelago, apparently to gear up its programme of action.[64] In early April, Vietnam even sent population census cadres to the Spratly archipelago to conduct a population survey, which could well reflect the growing size of the Vietnamese settlement in the islands under its control.[65] In late April, the Vietnamese Chief of General Staff, Doan Khue, and the navy commander, took the further trouble of participating in a ceremony on Vietnam-occupied Namyet island specifically to commemorate the fourteenth anniversary of Vietnam's "liberation" of the Truong Sa islands. During the ceremony, they both

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pledged to defend the island group "by all means".[66] In early May, a Vietnamese fishing fleet completed a 23-day maiden voyage to the dangerous fishing grounds of the Spratly region and successfully returned with a considerable catch.[67] All these activities were clearly designed to consolidate Hanoi's claim to, and position in, the archipelago. In fact, between June and September, Vietnam apparently took advantage of China's domestic turmoils to seize another three islets in the disputed area, bringing to twenty-four the total number of islands under Vietnamese occupation.[68] In mid-September, Hanoi, in a further move, reportedly decided to construct its own oceanic observation station, along with a lighthouse, on one of its occupied islands, clearly with a view to improving its own data-gathering facilities in the archipelago. During the discussion and planning of this project, Hanoi had reportedly even involved Soviet experts.[69]

In the meantime, as if to counter such moves of Hanoi, Manila in March 1989 also dispatched civilians, this time election officials, along with the head of its Western Command, to Pagosa, to supervise local balloting, in an apparent effort to underscore its permanent presence in the archipelago. The move also gave the impression of a considerable Filipino civilian settlement on the island.[70] On the other hand, the bilateral negotiations between Malaysia and the Philippines, which began in August 1988, had by May 1989 stalled and reached a deadlock because both countries refused to give up their claims to the disputed Commodore Reef. In fact, Manila disclosed that, in addition to the reef, Kuala Lumpur also claimed a huge area of fishing grounds, estimated to be about 50,000 square nautical miles, included in the official Filipino map.[71] Their quarrel over a common maritime boundary is far from over. Even Taiwan sought to demonstrate its unswerving determination to stay in the South China Sea by erecting formally on 30 June, a "boundary marker" in the Pratas islands under its control, and by announcing its decision to do the same with an official ceremony on Taiping island some time in December 1989.[72]

The most energetic moves, however, have been made by Beijing. From late April to 2 June 1989, the Chinese Academy of Science launched another large-scale, 35-day intensive scientific survey of the entire northeastern section of the Spratlys, clearly with a view to perfecting its knowledge of the geological and navigational conditions of the archipelago. The expedition was allegedly the fifth since 1987, and during the exercise the Chinese landed on eleven islets and erected signposts on at least nine of them.[73] Since the northeastern portion of the Spratlys was none other than the most hotly contested area in the archipelago, China's intention to regain some control over its "lost territories" and to enlarge its share in the island group was unmistakable. In early August, Beijing in a follow-up

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move, announced the erection of "sovereignty markers" on all the six reefs under its control and once again proclaimed Chinese sovereignty over the entire archipelago.[74]

All the above suggests that none of the contending parties are modifying their posture or position on the Spratly dispute, and the scramble continues. For some time now, the Kampuchean conflict has served to unite the ASEAN states and also to ally them with China politically. The completion of the Vietnamese troop withdrawal from Kampuchea and the anticipated scaling down, if not end, of the conflict itself will definitely remove a major political constraint on a new scramble for the Spratly islands, whether between the Philippines and Malaysia on the one hand and Vietnam and China on the other, or between Malaysia and the Philippines themselves. Although China–Vietnam relations appear to be improving at the moment, after Kampuchea their attention will definitely be shifted to the South China Sea islands, which will then be the last remaining dispute between the two countries. And, in view of their prolonged and well-publicized postures, neither side is likely to back down from its long-established position. Since the two countries are among the least satisfied with the existing status quo and also have been at war with each other over the Spratlys, armed clashes are perhaps more likely to take place between them than between the other states in the immediate future. Whatever the final outcome of the ongoing dispute and scramble might be, war clouds are clearly not dissipating over the South China Sea, and the Spratly islands most probably will not see peace for some time yet.

NOTES

1. For a comprehensive background, see Chang Pao-min, *The Sino-Vietnamese Territorial Dispute* (New York: Praeger Publishers, 1986); and Chen Hung-yu, *Nanhai zhudao zhuchuan yu guoji congtu* [Sovereignty over the South China Sea Islands and International Conflict] (Taipei: Yushi wenhua shiye gongsi, 1987). For a recent treatment of the subject, see Mark J. Valencia, "The Spratly Islands: Dangerous Ground in the South China Sea", *Pacific Review* 1, no. 4 (1988): 438–43.
2. The six islands occupied by the Philippines are Parola (Northeast Cay), Likas (West York Island), Patag (Flat Island), Lawak (Nanshan Island), Pagasa (Thitu Island) and Kota (Loaita Island). See Valencia, "The Spratly Islands"; *Asiaweek*, 13 May 1988, pp. 43–49; and 20 May 1988, p. 26; and *Lianhe Zaobao* [United Morning Post] (Singapore) (hereafter cited as LZ), 22 April 1987, p. 17.
3. *Straits Times* (Singapore) (hereafter cited as ST), 29 June 1988, p. 11.
4. ST, 4 June 1986, p. 5.

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5. *Wen Wei Po* (Hong Kong), 10 April 1988, p. 9.
6. Ibid., 25 May 1988, pp. 7 and 9.
7. *ST*, 16 April 1987, p. 36; and 23 April 1987, p. 19.
8. *LZ*, 22 April 1987, p. 17.
9. *LZ*, 15 June 1987, p. 34.
10. *ST*, 4 December 1987, p. 3.
11. *ST*, 16 April 1987, p. 36.
12. *LZ*, 28 November 1987, p. 26.
13. Radio Hanoi (hereafter cited as RH), 20 February 1988; *ST*, 22 February 1988, p. 3.
14. *Xinhua News Agency* [New China News Agency] (hereafter cited as *XHNA*), 22 February 1988; also *ST*, 23 February 1988, p. 3.
15. The two reefs are Chu Thap (Fiery Cross Reef) and Chau Vien (Cuarteron Reef). *Vietnam News Agency* (hereafter cited as *VNA*), 20 and 26 February, 3 March 1988; *XHNA*, 26 February and 1 March 1988.
16. *China Daily* (Beijing), 25 May 1988, p. 1.
17. A detailed account was given by *VNA*, 25 March 1988. See also *ST*, 26 March 1988, p. 3.
18. *XHNA*, 14 and 31 March 1988.
19. *LZ*, 19 March 1988, p. 33.
20. *ST*, 6 April 1988, p. 3; and 10 April 1988, p. 4.
21. *XHNA*, 5 April 1988; and *ST*, 6 April 1988, p. 3.
22. According to Hanoi, China occupied Chu Thap in January and took Chau Vien in mid-February. Some time in late February and during March, China occupied Gaven and Kenan. In late March and early April China seized Gac Ma and Subi. See RH, 24 and 25 March; and 7 and 11 April 1988.
23. Namely, Laoita Nan Reef. See *VNA*, 5 May 1988.
24. *Wen Wei Po*, 6 April 1988, p. 2. See also *ST*, 8 April 1988, p. 3. Hanoi in early April formally claimed control of twenty-one islands and gave the details of their location (RH, 11 April 1988).
25. *ST*, 21 April 1988, p. 32.
26. *VNA*, 17 May 1988; and *ST*, 12 May 1988, p. 2.
27. *ST*, 15 June 1988, p. 2.
28. *ST*, 14 May 1988, p. 3.
29. *LZ*, 27 May 1988, p. 1.
30. *ST*, 4 June 1988, p. 1.
31. *ST*, 1 August 1988, p. 3.
32. *LZ*, 4 August 1988, p. 31.
33. *LZ*, 18 March 1988, p. 28.
34. *ST*, 31 May 1988, p. 9; and 1 June 1988, p. 10.
35. The ships were released only in late March 1989 after eight months of detention. See *Zhungyang Ribao* [Central Daily] (Taipei), 30 March 1989, p. 7.
36. *ST*, 31 May 1988, p. 9.
37. *ST*, 17 July 1988, p. 12.
38. *ST*, 11 August 1988, p. 3.
39. Ibid.
40. *ST*, 10 August 1988, p. 20.
41. *Agence France Presse* (Hong Kong), 14 August 1988. See also *ST*, 15 August 1988, p. 3.
42. *ST*, 16 September 1988, p. 13.
43. *ST*, 17 August 1988, p. 1; and 14 September 1988, p. 16.

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44. *ST*, 14 September 1988, p. 16.
45. *ST*, 16 September 1988, p. 15.
46. *Lianhe Bao* [United Daily News] (Taipei), 26 March 1988, p. 1.
47. Ibid., 24 March 1988, p. 1.
48. Ibid., 11 April 1988, p. 1; and also *ST*, 27 May 1988, p. 3.
49. *Lianhe Bao*, 22 August 1988, p. 1.
50. RH, 14, 17, 23 and 26 March 1988.
51. *LZ*, 18 March 1988, p. 28.
52. RH, 2 April 1988; and *LZ*, 4 April 1988, p. 2.
53. *ST*, 26 April 1988, p. 10.
54. *LZ*, 26 April 1988, p. 28; *ST*, 26 April 1988, p. 10.
55. *ST*, 20 April 1988, p. 8.
56. *ST*, 29 June 1988, p. 11.
57. *ST*, 16 September 1988, p. 13
58. *ST*, 7 April 1988, p. 33.
59. *ST*, 14 May 1988, p. 3.
60. *ST*, 16 September 1988, p. 28.
61. *Ta Kung Pao* (Hong Kong), 18 January 1989, p. 2.
62. For recent instances, see *Lianhe Bao*, 25 February 1988, p. 1; and 24 March 1988, p. 1.
63. *XHNA*, 18 March 1989. This was accompanied by Hanoi's reiteration of its determination to defend all the islands under its occupation. See *South China Morning Post* (Hong Kong), 17 March 1988, p. 2.
64. RH, 30 March 1989.
65. RH, 3 April 1989.
66. RH, 3 May 1989. See also, *South China Morning Post*, 5 May 1989, p. 11.
67. RH, 9 May 1989.
68. According to Beijing, Vietnam occupied Bombay Castle, Prince of Wales Bank, and Vanguard Bank. See *Sing Tao Jih Pao* (Hong Kong), 29 September 1989, p. 2.
69. Ibid., 15 September 1989, p. 3.
70. *South China Morning Post*, 30 March 1989, p. 10.
71. Manila Far East Broadcasting Company, 11 August 1988 and 22 May 1989.
72. *Sing Tao Jih Pao*, 17 October 1989, p. 2.
73. *Ta Kung Pao*, 3 June 1989, p. 2; and *XHNA*, 3 June 1989.
74. The six islands are Yongshu (Fiery Cross Reef), Dongmen (East Reef), Zhubi (Subi Reef), Nanxun (Gaven Reef), Huayang (Cuarteron Reef), and Chigua. See *Ta Kung Pao*, 3 August 1989, p. 1.

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International Fishery Relations in the Gulf of Thailand*

TED L. MCDORMAN

The primary characteristic of international fishery relations between Thailand and its three Gulf of Thailand neighbours in the 1980s has been conflict. Thailand's successful fishing fleet is frequently accused of fishing illegally in the waters claimed by the other states. This has led to arrests, confiscation, imprisonment and sometimes violence. The fishery incidents have complicated relations between Thailand and its Indochinese neighbours and been an irritant in Thai–Malaysian relations. As the 1980s closed the fishery conflicts were easing, but resolution has not been achieved. The 1990s will see further conflicts until the Thai fishing fleet no longer roams unrestrained in the Gulf of Thailand and the adjacent South China Sea areas.

Introduction

The primary characteristic of international fishery relations in the Gulf of Thailand in the 1980s has been conflict. There have been serious fishery conflicts between Thailand and its three Gulf neighbours, Malaysia, Cambodia, and Vietnam. More than 400 Thai fishing vessels have been arrested by the other three Gulf of Thailand littoral states for alleged illegal fishing in their waters.[1] In some cases, the arrests have been accompanied by violence. In most cases, they have resulted in imprisonment of Thai fishermen, and frequently the fishing vessels have been confiscated.

In Thai–Malaysian relations, the fishery conflict was the most public bilateral issue in the mid-1980s, involving large public protests on both sides of the border. In Thai–Vietnamese and Thai–Cambodian relations,

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the fishery disputes were only part of the larger conflict between the states. However, the fishery disputes were very public in Thailand, having an immediacy for many that did not exist regarding the broader conflict.

In the last few years, as a result of the overall improved climate between Thailand and its Indochinese neighbours and a determined effort by Thailand and Malaysia to reduce the tensions created by their fishing problems, there has been a decrease in the intensity of the fishery conflicts in the Gulf of Thailand. However, the sources of the conflict have not been removed and it can be predicted that the 1990s will see a re-emergence of serious fishery conflict in the Gulf.

Fishery Conflicts in the 1980s

In the 1970s Thailand emerged as the major fishing nation in Southeast Asia with a fishing fleet that roamed throughout the Gulf of Thailand, the South China Sea, and the Andaman Sea. However, in the late 1970s, conservation, and economic and political factors led the international community to embrace the 200-nautical mile fishing zone concept then being formulated at the Third United Nations Conference on the Law of the Sea (UNCLOS III).

It was clear that the introduction of the 200-nautical mile zone would cause severe problems for Thailand's fishermen. Thai government and fishing officials saw the new fishing zone concept as placing 300,000 square kilometres of Thai fishing grounds within the national jurisdiction of other states.

Vietnam, in 1977, was the first Gulf of Thailand state to adopt the extended fishing zone. Cambodia followed in 1978 and Malaysia in 1980. Thailand reluctantly announced its 200-nautical mile claim in 1981 only after it became clear that the fishing zone was to be a permanent fixture of international law. In 1982 UNCLOS III completed its work and the 200-nautical mile exclusive economic zone, which includes the fishing zone, became the centre-piece of the 1982 United Nations Convention on the Law of the Sea.

International fishery relations are now shaped by the 200-nautical mile economic zone regime set out in the 1982 Law of the Sea (LOS) Convention. As a matter of technical law, the Convention is not in force and none of the four littoral states of the Gulf of Thailand are parties to the treaty. There is no debate, however, that the 200-nautical mile zone is an accepted part of international state practice, with nearly 100 states having claimed such a zone.

As a general principle, the LOS Convention provides that coastal

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states have *exclusive* sovereign rights to exploit and manage the living resources found within their adjacent zones. It is this acquisitive aspect of the fishing zone that coastal states have readily accepted. States have been less enthusiastic about the treaty requirement to make available to other states any resource surpluses above domestic harvesting capacity that exist. Even under the strict wording of the LOS Convention, the coastal state has discretion in determining domestic harvesting capacity, resource surpluses, and to whom and upon what terms the surpluses would be distributed to other states. As a matter of state practice or treaty law, therefore, the coastal state has extensive control over the living resources of the 200-nautical mile zone to the exclusion of other states.

The existence of Thailand's distant-water fishing fleet, coupled with the increasing importance of fish products as a Thai export commodity,[2] ensured that the establishment and acceptance of 200-nautical mile zones in the Gulf of Thailand would result in fishery conflicts. The manner in which the conflicts arose in the 1980s can best be understood by viewing them as the product of fishing capacity, geography, politics, and legislative enactments.

As a product of *fishing capacity*, the fishery conflicts were the result of the country with the largest fishing fleet, Thailand, having a fishing zone that had been "fished out", while its adjacent neighbours had fishing zones where living resources were relatively plentiful. Moreover, Thailand's neighbours did not have the means to fully exploit their resources. In simple terms, the temptation for Thai fishermen to stray into Malaysian, Cambodian and Vietnamese waters where fish were more abundant was very great. The temptation was even greater given that before the advent of the 200-nautical mile fishing zone Thai fishermen had freely fished in those waters.

In 1986, the Thai fishing fleet consisted of approximately 16,000 vessels, of which nearly 85 per cent were located in the Gulf of Thailand. More than 80 per cent of Thailand's 2.3 million metric ton marine fishery landings in 1986 came from the Gulf of Thailand/South China Sea area (see Table 1), with large-scale trawling and purse-seining accounting for almost the entire amount.[3] Studies have indicated that the living resources in the waters of the Thai Gulf have been over-exploited for more than a decade, with the consequent reduction in fish caught per amount of effort by Thai fishermen.[4]

The exent of Thai fishing in its neighbours' waters is not known. The Thai Government has indicated that only 5 per cent of the more than two million metric tons of fish landed every year are from non-Thai waters.[5] However, it has been independently estimated that approximately one-third of the fish caught by Thais originate from non-Thai waters.[6]

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TABLE 1
Marine Fishery Catch, 1986

	Metric Tons
Thailand	
— Gulf of Thailand	1,907,227
— Total	2,309,480
Malaysia	
— East of the Peninsula	122,329
— Total	563,459
Kampuchea	6,600
Vietnam	570,000

SOURCE: Southeast Asian Fisheries Development Center, *Fishery Statistical Bulletin for South China Sea Area, 1986* (Bangkok: 1988), p. 28.

It should be noted that the official Thai catch statistics have not shown any drop in landings throughout the 1980s, even though 200-nautical mile zones exist for all countries in the Southeast and South Asian regions (see Table 2).

TABLE 2
Thailand's Marine Fishery Catch

	Metric Tons
1982	1,949,681
1983	2,055,225
1984	1,911,485
1985	1,997,165
1986	2,309,480

SOURCE: South Asian Fisheries Development Center, *Fishery Statistical Bulletin for South China Sea Area, 1986* (Bangkok: 1988), p. 10.

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While Thailand's neighbours have recognized that their ability to exploit the living resources in their fishing zones is not fully developed and unexploited resources exist, they have been unwilling to allow Thai fishermen to freely harvest the unexploited resources, particularly where little benefit would accrue to the adjacent state. The Thai view is that their neighbours should be willing to share, that the resources are renewable, and that the resources are not owned by a state but are an international resource to be managed by a coastal state and therefore open to Thai exploitation.

As a product of *geography*, the fishery conflicts were the result of uncertain ocean boundaries caused by overlapping fishing zone claims. Although Thailand proclaimed its exclusive economic zone in 1981, it did not establish the outer limits of its claim. It could be argued by Thai fishermen that, provided they were within 200 nautical miles of the Thai coastline, they were in Thai waters. Of course, the other countries in the Gulf of Thailand took a very different view since no state in the Gulf could claim a 200-nautical mile zone without it overlapping with another state's claim. It has generally been assumed that the economic zone claims parallel the earlier claims made to the continental shelf of the Gulf of Thailand where the outer limits for each state's claim has been determined by the application of the equidistance principle. All the claims continue to overlap since each country has a different idea of where a line based upon equidistance should be located[7] (see Map 1).

Cambodia's claim, for example, consists of a line that runs through a small island off the Thai-Cambodian coast. Thailand takes the view that the island is Thai and should be given effect in the employment of the equidistance principle. Thailand, along with other countries, has objected to the Vietnamese baselines announced in 1983 and the 1982 Vietnamese-Cambodian accord on the definition of an area of "historical waters of both countries", both of which affect the location of the economic zone claim made by Vietnam. Relying upon continental shelf claims, approximately 10,000 square miles in the Gulf of Thailand is claimed by both Thailand and its Indochinese neighbours. No discussions have taken place between Thailand and its Indochinese neighbours regarding maritime boundaries since 1978 when Thailand and Vietnam agreed that their overlapping claims should be settled "on the basis of equitable principles".[8]

The principal fishery conflict caused by geography has been between Thailand and Malaysia. Through a 1979 bilateral treaty there exists a continental shelf joint development area which was established when the two countries could not agree on a single line to delimit the shelf. In this joint development area both sides continued to claim and exercise fishing rights, which led to arrests and seizures of Thai vessels by Malaysian authorities.

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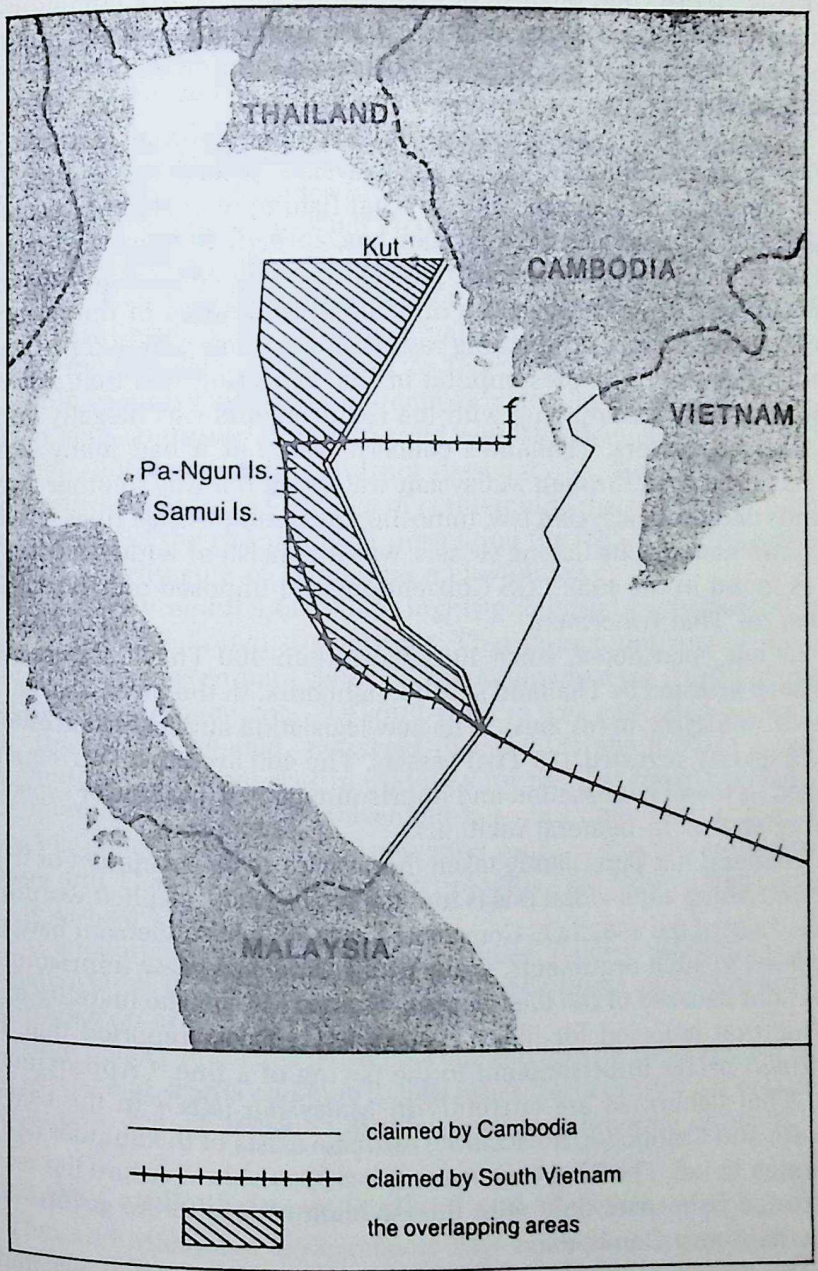
MAP 1

Overlapping Continental Shelf Claims in the Gulf of Thailand



SOURCE: Kriangsak Kittichaisaree, *The Law of the Sea and Maritime Boundary Delimitation in South-East Asia* (Oxford: Oxford University Press, 1987), p. 66.

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As a product of *politics*, the fishery conflicts between Thailand and its Indochinese neighbours were intensified by the broader bilateral animosity. Arrests and seizures of Thai fishing vessels by Vietnamese and Cambodian authorities appeared to be motivated more by the political differences between the countries than by the enforcement of fishery regulations.[9]

As a product of *legislative enactment*, the Thai-Malaysian fishery conflict was intensified by the 1985 Malaysian fishery legislation which was designed to deal primarily with Thai fishing in Malaysia's extended zone. Under the letter of Malaysian law, foreign fishing vessels were entitled to the right of innocent passage through Malaysian economic zone waters, provided Malaysian officials were notified of the proposed passage in advance and the fishing vessels stowed their gear and proceeded without stopping. The presumption in the legislation was that a foreign fishing vessel not complying with the requirements was illegally fishing in Malaysian waters. Thailand's concern was that it had many fishing vessels that moved through Malaysian waters on the way to other fishing grounds and the Malaysian law, imposing innocent passage rules and call-in requirements on its fishing vessels, was inconsistent with international law as found in the 1982 LOS Convention, and imposed an unnecessary burden on Thai fishermen.

As has been noted, since 1981 more than 400 Thai fishing vessels have been arrested by Thailand's Gulf neighbours. In the three-year period, 1985–87, Malaysia, in response to its new legislation and increased enforcement capacity, arrested 178 Thai vessels. The 400 arrests have frequently resulted in vessel confiscation and imprisonment, with the latter especially causing strains in bilateral relations.

Thailand has persistently taken the view that imprisonment of fishermen for fishing zone violations is inconsistent with the explicit wording of Article 73(3) of the 1982 LOS Convention. Cambodia and Vietnam have paid little heed to such arguments, while under Malaysian law imprisonment occurs not because of the illegal fishing but because of the inability to pay the fine that is levied for illegal fishing. It has been reported that Thai fishermen prefer imprisonment to the paying of a fine.[10] Approximately 1,000 Thai fishermen are currently in Malaysian jails.[11] In the cases of Vietnam and Cambodia, no accurate estimate exists of the number of Thai fishermen in jail. The Thai Government has been able to secure the release of arrested fishermen only with the payment of fees to the governments of Vietnam and Cambodia.

The arrests of Thai vessels and the imprisonment of fishermen by Malaysian authorities led to wide-scale protests in Southern Thailand, necessitating diplomatic intervention. The Cambodian and Vietnamese

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actions against Thai fishermen were a continual irritant in relations which were already badly strained.

Easing the Conflict between Thailand and Cambodia/Vietnam

The Government of Thailand's posture towards Cambodia and Vietnam has undergone a significant change since mid-1988. Following years of confrontation, Thailand's policy shifted to one of attempting to be the economic gateway and leader in Indochina.

In fishery matters the Thai Government's position throughout the 1980s was not to have any governmental contacts with and to officially discourage Thai fishermen from contacting Cambodian or Vietnamese officials. However, Thai fishermen dealt directly and indirectly with Indochinese officials, paying fees to fish in their waters. Despite announced measures to stop these practices by the Bangkok authorities, the arrangements continued. Vietnam and Cambodia frequently arrested Thai fishermen, but these arrests did not dissuade the Thai fishermen. The Thai Government adopted a policy of condemning the arrests and warning the fishermen of the risks, but not preventing the fishermen from dealing with the Governments of Cambodia and Vietnam.

In the early months of 1988 a highly-publicized experimental joint-venture deal was drawn up between Thai companies and Vietnam.[12] While the Thai Government refused to sanction the deal, it did not openly condemn the arrangement. The joint venture was cancelled by Vietnam soon after it commenced. Renewed discussions about Thai access to Vietnamese fishing resources in mid-1988 for the first time involved Thai Government officials. This involvement has continued and in May 1989 a Bangkok paper reported that a new joint-venture arrangement between Vietnam and Thai companies, though not with Thai Government involvement, was near completion.[13]

An encouraging sign in Thai-Cambodian fishery relations was the release in March 1989, following informal negotiations, of several hundred Thai fishermen arrested in January 1989.[14]

While fishery problems between Thailand and its Indochinese neighbours persist and arrests continue to take place, the countries are apparently attempting to reduce tensions through intergovernmental contacts.

Easing the Conflict between Thailand and Malaysia

The Thai and Malaysian Governments have been working steadily since the fishery conflict became acute in the mid-1980s to remove the dispute as the most publicized irritant between the two countries.

The first step taken was in mid-1987 with the establishment of a

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Joint Commission for Bilateral Cooperation, which has a sub-committee to look at the fishery conflict. This provides an institutional response to the dispute and allows the governments to communicate in a structured manner. It also indicates to the fishing communities of both countries that the governments are taking action to protect their interests.

Another important step came in September 1987 when a private-sector joint venture was arranged between Thai and Malaysian companies involving forty Thai fishing vessels to be jointly manned and the tuna caught to be bought by Thai companies. Although the deal was modest and private, it was launched with significant publicity by the Prime Ministers of both countries and clearly had governmental approval. The joint-venture arrangement can be seen as a government-promoted example for future arrangements. It should be noted that within Malaysia there has been significant criticism of the arrangement and of alleged cheating by Thai fishermen.[15]

In early 1988, Thailand moved to ease the fishery problem with Malaysia by establishing in the Gulf of Thailand, adjacent to Malaysia, the outer limit of its economic zone claim. This is to be a guide to Thai fishermen on where Thai waters end and will remove the argument that Thai fishermen were uncertain as to the location of Thai waters. The Thai economic zone claim parallels its continental shelf claim in this region and thus establishes an overlapping economic zone claim with Malaysia that is concurrent with the joint development area.

Malaysia has also moved to ease the fishery problem. First, Malaysia is no longer enforcing its fishery laws in the joint development area. Secondly, Malaysia is implementing in a more flexible manner the call-in requirement for Thai fishing vessels seeking to transit Malaysian waters. In particular, the seven-day notice has been reduced to 24 hours.

Complicating Thai-Malaysian fishery relations in early 1988 was a trade dispute which arose because of a Malaysian regulation requiring Thai fishermen to utilize plastic crates for exporting fish to Malaysia. The Thai exporters at first ignored the requirement and Malaysia threatened to block all Thai fish imports (175,000 metric tons annually). A compromise was finally arranged in April 1988.[16]

Problems continue in Thai-Malaysian fishery relations, particularly with respect to the Malaysian fisheries legislation and its implementation, and the encroachment of Thai fishing vessels in Malaysian waters, but the two governments have attempted to ease the conflict level.

Resolution of the 1980s Fishery Conflicts

While the tension level of fishery conflicts in the Gulf of Thailand has

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been reduced in the last few years, none of the sources of the conflicts have been removed so far. One possible exception, however, is the political dimension of Thai-Vietnamese fishery relations. As the two countries normalize relations, the political dimension in fishery relations should be removed.

The manner in which the problems of geography or maritime boundaries can be removed as a source of fishery conflicts is clear. States should negotiate formal or informal arrangements regarding boundary disputes that would eliminate uncertainty. There is no necessity for the final result to be a single maritime boundary line. The Thai-Malaysian joint development area for continental shelf resources is an example of an innovative response to a boundary problem.

It is difficult to predict the likelihood of formal boundary arrangements coming into place in the Gulf of Thailand. The policy of non-enforcement of fishery regulations by Malaysia in the joint development area should remove the necessity for a formal agreement with Thailand to deal with fishing zone boundaries. Between Thailand and its Indochinese neighbours, the potential for hydrocarbon resources in the area of overlapping claims may draw the countries together to resolve their shelf and fishing zone boundaries. It has been reported that one gas structure discovered on the undisputed Thai shelf extends into shelf areas claimed by Cambodia and Vietnam.[17]

It has been popular for states to ask independent third parties such as the International Court of Justice to resolve maritime boundary disputes. It is very unlikely that recourse will be had to the International Court or a similar legal body to resolve the boundary problems of the Gulf of Thailand. Third-party mediation and conciliation, however, is not beyond the realm of possibility.

Concerning the conflict raised by the Malaysian legislation, a suggestion has been made by Professor Robert Beckman that could be a workable compromise.[18] Thai concerns over harassment and Malaysian concerns about Thai fishing could be alleviated with a transit corridor through Malaysian waters. Thai fishing vessels could use the corridor at will but if they stray beyond the corridor they would be presumed to be illegally fishing. Malaysia's concerns about the compromise would be that policing the corridor would be difficult and, under cover of darkness, Thai fishing vessels could leave the corridor and be in a rich fishing area. Thailand's concerns would be that the corridor is inconsistent with high seas navigational freedom that is to exist in the 200-nautical mile zone. The corridor could be a precedent for coastal state control over navigation that Thailand would find unacceptable since it is zone-locked and all Thailand-bound vessels must transit through neighbouring state's zones.

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Of greatest difficulty is the fishing capacity problem and the consequent temptation for Thai fishermen to venture into the fishing zones of Malaysia, Cambodia, and Vietnam to exploit more plentiful resources. A resolution of this cause of the fishery conflict would make it easier for Thailand and Malaysia to work out an accommodation regarding the Malaysian fishery legislation, since it is premised on the belief that Thai fishermen illegally exploit Malaysia's marine resources. The establishment of maritime boundary arrangements would also be made easier. Hence, the resolution of the fishing capacity problem is the key to the reduction and elimination of future fishery conflicts in the Gulf of Thailand.

One obvious response to the fishing capacity problem is to reduce the number of Thai fishing vessels through a restrictive licensing scheme. Such a policy was adopted in the early 1980s but has proven to be ineffective because of regulatory loopholes and enforcement difficulties. The Thai Government has not even been able to prevent or discourage the building of new vessels.

Another response to the fishing capacity problem is the negotiation of access agreements between Thailand and its neighbours by which Thai fishermen, in exchange for fees, technology transfer or profit-sharing, would obtain access to living resources in the waters of the neighbouring country. A senior Thai Fisheries Department official has stated very bluntly that he sees "little hope of the fishing industry prospering unless there are more joint venture agreements with neighbouring countries".[19] In the case of Malaysia, however, there is significant resistance within the Malaysian fishing community to any type of access agreement because of perceived destructive Thai fishing practices and alleged intimidation of Malaysian fishermen.[20] There is also the problem, recognized by the Thai Government, that Thai fishermen have frequently not abided by negotiated access agreements.[21] This was the reason given by Vietnam for terminating the joint venture deal of early 1988. The Malaysian Government has been open to access arrangements if the Thai Government would be willing to guarantee compliance and compensate any losses incurred by a failure of the Thai fishermen to comply. The Thai Government has been unwilling to accept such stipulations, recognizing that they have minimal control over their fishing company owners and fishermen.

Thailand is not the only entity in the region that is a major exporter of fish products possessing a distant water fleet and interested in the living resources of the region. In early 1989, Vietnam and Taiwan reached an agreement to allow Taiwanese vessels, after payment of a fee, to fish in Vietnamese waters.[22] This Vietnamese-Taiwanese arrangement could have important implications for Thailand. Firstly, Taiwan could ensure that no similar deals were reached with Thailand and thus shut the Thais out

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of their neighbour's waters. Secondly, the Taiwanese deal could mean that Thailand would have to match or better what the Taiwanese were willing to pay for access rights. Thirdly, if Taiwan plays by the rules of an access deal and Thailand does not, then clearly countries in the region, given the option, will prefer to deal with Taiwan rather than Thailand. It has been reported that Taiwan has had discussions with Malaysia about fishing joint ventures.[23]

The only other solution that exists for the fishing capacity problem is for Thai fishermen to refrain from venturing into non-Thai waters.[24] To accomplish this, the Thai Government would have to impose or encourage a discipline on Thai fishing activity that does not currently exist. The Thai Government, for example, has been unable to enact effective legislation to place the burden of paying fines and security for the release of arrested fishermen and vessels on the owners of fishing vessels. Such legislation might encourage vessels to refrain from illegal fishing. The government has reportedly decided to make the arrested fishermen pay back to the government any fines paid for their release.[25]

The reality is that the obvious solutions to the fishery conflicts created by the fishing capacity situation are unlikely to be adopted. A reduced Thai fishing effort, or containment within Thai waters, or access agreements rely upon the Government of Thailand obtaining and exercising a degree of control over the Thai fishing industry that is currently unimaginable. As commented in the Sixth National Development Plan, "[m]easures for enforcing legislation to control illegal fishing are ineffective, even though more than one government agency is responsible for these enforcement activities".[26] The Thai fishing industry operates without significant government supervision and the industry would strongly oppose government involvement.

Fishery Conflict in the 1990s

While fishery conflicts in the Gulf of Thailand are the product of a number of causes, the most important is the biological reality that Thailand's large, industrial fishing fleet is faced with a situation where more abundant resources exist in the 200-nautical mile zones claimed by Thailand's neighbours than in Thai waters. The temptation to exploit those resources, when yielded to, leads to arrest, imprisonment of fishermen, confiscation of vessels, and diplomatic tension. The solutions to this problem — access agreements with neighbours, restricting the movement of vessels, and/or a reduction in the Thai fishing effort — require government control over Thai fishermen, which is unlikely to happen in the near future.

As Thailand's neighbours increase their own fishing capacity and

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ability to enforce their laws, more arrests of Thai vessels will take place. Despite the easing of fishery relations in 1989, it was reported that in the first five months Malaysia arrested 21 Thai fishing vessels and Vietnam arrested 9 involving more than 550 fishermen.[27] Both the Thai fishing community and Thailand's neighbours will put pressure on the Thai Government to ease the problem. This will place the Thai Government in an increasingly difficult position. Attempts by the Government of Thailand to ease bilateral relations will be opposed by the Thai fishing community and attempts to placate the fishing community will not appease Thailand's neighbours.

The Government of Thailand's inability to control its fishermen makes it inevitable that Thai fishermen will be arrested in non-Thai waters, with the consequent rise in the severity of fishery conflicts. At some future point the losses incurred from confiscated vessels and imprisoned fishermen will outweigh the gains from fishing in non-Thai waters, and then fishery conflicts in the Gulf of Thailand will lessen. Until then, the current easing of tension is a brief calm before a more turbulent 1990s.

NOTES

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1. Yupin Gro-thong, "Thailand's Marine Fisheries in the Coming Decade", *Bangkok Bank Monthly Review* 9 (1988): 298, 300.
2. In 1986 Thailand was the seventh largest fish exporter, by value, in the world. Fish product exports totalled US$879 million in 1986, an increase from US$482 million in 1982. More than 40 per cent of the exports were canned seafood, primarily canned tuna. More than 70 per cent of the tuna that is canned is imported into Thailand. See Gro-thong, op. cit., note 1, p. 299; and Jeerrawat Krongkaew, "Is the fishing industry in crisis?", *The Nation* (Bangkok), 22 March 1989.
3. Concerning the Thai fishing industry generally, see Asian Development Bank, *Thailand Fisheries Sector Study* (Manila, 1985); Magnus Torell, *Fisheries in Thailand* (Goteborg, Sweden: Goteborgs Universitet, 1984); and Theodore Panayotou and Songpol Jetanavanich, *The Economics and Management of Thai Marine Fisheries* (Manila: International Center for Living Aquatic Resources Management, 1987).
4. Panayotou and Jetanavanich, op. cit., pp. 44–50.
5. Plodprasop Suraswadi, "Utilization of Marine Resources in Thailand" (Paper presented at a workshop on "The U.N. Convention on the Law of the Sea: Problems of Implementation in Southeast Asia", held in Phuket, Thailand, 22–24 February 1986).
6. Asian Development Bank, op. cit., p. 23.

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7. Concerning maritime boundary delimitation issues in the Gulf of Thailand, see Kriangsak Kittichaisaree, *The Law of the Sea and Maritime Boundary Delimitation in South-East Asia* (New York: Oxford University Press, 1987); J.R.V. Prescott, "Maritime Jurisdictional Issues", in *Marine Policy in Southeast Asia*, edited by G. Kent and M.J. Valencia (Berkeley: University of California Press, 1985), pp. 58–97; J.R.V. Prescott, *Maritime Jurisdiction in Southeast Asia: A Commentary and Map* (Honolulu: East-West Center, 1981); Chumphorn Pachusanond, "Potential Conflict Between Thailand and Neighbouring Countries Concerning the Law of the Sea", *Chulalongkorn Law Review* 5 (1987–88): 40–67; and D.M. Johnston and M.J. Valencia, "Complex Seabed Boundary Problems in Southeast Asia: Some Diplomatic Options" (Paper presented at a workshop held in Bali, Indonesia, February 1989).
8. Report from a bilateral government meeting, cited in Phiphat Tangsubkul, *ASEAN and the Law of the Sea* (Singapore: Institute of Southeast Asian Studies, 1982), p. 101.
9. Elizabeth D. Samson, "Fisheries", in Kent and Valencia, eds., *Marine Policy*, p. 146.
10. "Thai boats still fish in our EEZ", *New Straits Times* (Kuala Lumpur), 2 January 1988.
11. "Fishing", *Asia 1989 Yearbook* (Hong Kong: Far Eastern Economic Review), p. 49.
12. "Fishing trawlers enter joint venture with VN", *The Nation* (Bangkok), 4 April 1988.
13. "Hanoi grants Thai firms fishing rights", *Bangkok Post*, 2 May 1989.
14. "Thai officials unaware of PRK offer to free fishermen", *The Nation* (Bangkok), 22 February 1989; and "160 fishermen make it home — finally", *The Nation* (Bangkok), 17 March 1989.
15. "Thai boats still fish in our EEZ", *New Straits Times* (Kuala Lumpur), 2 January 1988; and "Thai fishing partner says KL allegations groundless", *The Nation* (Bangkok), 4 November 1987.
16. "Boxed into a corner", *Far Eastern Economic Review*, 5 May 1988, p. 122.
17. Mark J. Valencia, *South-East Asian Seas: Oil Under Troubled Waters* (Singapore: Oxford University Press, 1985), p. 61.
18. Robert C. Beckman, "Issues of Transit Under the 1982 Convention — Whether an Archipelagic State May Temporarily Close International Straits Within Its Archipelagic Waters to Carry Out Naval Exercises, and the Extent to which a Coastal State May Restrict the Passage of Foreign Fishing Vessels Within Its Fisheries Waters" (Paper presented at a workshop on "The U.N. Convention on the Law of the Sea: Ocean Regime Building", held in Phuket, Thailand, 1–3 May 1989.
19. "Fishermen 'in secret pay-offs' with VN, Khmers", *Bangkok Post*, 7 September 1987.
20. See "Foreign Trail of Destruction", *Malaysian Business*, 16 November 1985, p. 55; "Fishermen's net interest", *Far Eastern Economic Review*, 21 November 1986, pp. 34–36; Jahara Yahaya, "Fishery Management and Regulation in Peninsular Malaysia: Issues and Constraints", *Marine Resource Economics* 83 (1988): 85; and Suraswadi, op. cit.
21. In Thailand's Fifth National Economic Plan in 1981, it was commented that there was a need to "ensure that Thailand's commercial fleet is strictly abiding by the rules and regulations of joint venture operations". See Thailand, National Economic and Social Development Board, *The Fifth National Economic and Social Development Plan 1982–1988* (Bangkok, 1981), p. 54. In 1987 the Thai Fisheries Department announced a policy of blacklisting fishing companies that did not abide by foreign contracts. The concern had arisen because of Indonesia's complaint that Thai fishermen had not paid fees agreed upon for fish caught in Indonesian waters. See "Fishery contracts to be enforced", *Bangkok Post*, 16 October 1987.
22. "Vietnam Lets In Taiwan Boats", *Fishing News International*, February 1989.
23. "Arrests hit fishing in Taiwan", *Fishing News International*, February 1989; and *Malaysian Digest* 18, no. 12 (December 1987): 10. Already in the South China Sea area Taiwanese

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fishing companies and associations have access agreements with Indonesia and the Philippines. Fish production from all of Taiwan's bilateral agreements accounted for 18 per cent of Taiwan's total fishery production in 1987. It should also be noted that between 1972 and 1986, 847 Taiwanese fishing boats were arrested for alleged illegal fishing. See American Institute in Taiwan, *Industrial Outlook Report: Fishing Industry of Taiwan, 1986–1987* (Washington: Department of Commerce, National Technical Information Service, 1988), p. 13.

24. A review of potential changes for the Thai fishing industry that would occur with reduced access to foreign fishing grounds is provided in Magnus Torell, "Thailand's Fishing Industry: Future Prospects", *Ocean Yearbook* 7 (1988): 132, 137–141.
25. "Vietnam to release Thai fishermen, return boats", *The Nation* (Bangkok), 24 June 1989.
26. Thailand, National Economic and Social Development Board, *The Sixth National Economic and Social Development Plan (1987–1991)* (Bangkok, 1987), p. 125.
27. "Fisheries cites arrests, seizures", *The Nation* (Bangkok), 23 June 1989.

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Culture and Compliance: A Negative Assessment of Positive Values*

DANIEL GIBSON

Calls for deliberate inculcation of positive social or moral values are commonplace. This article reviews one such proposal, which suggests that government-sponsored "cultural renewal" can help developing countries enlist the compliance of their citizens and overcome a destructive politics of self-interest. The reviewer welcomes the proposal's stress upon politics as a prime determinant of development outcomes, but faults its reliance upon value orientations as a basis for, or predictor of, political behaviour. As an analytical approach, interpretation of politics in terms of values sows confusion, as empirical cases show. As a guide to political practice, enabling government to become the arbiter and enforcer of positive values encourages authoritarianism. Such a set of values in the hands of government will more likely be employed selectively as a political means rather than universally for development ends. The article suggests that the study of interests offers richer grounds for analysing issues of compliance and development.

In 1975, the concepts of modernization and political development smouldered among the ruins of South Vietnam. Their premises — that Western political values and institutions offered the Third World a duplicable path to development — fell beneath an obvious example that effective political participation could indeed take other forms. Critics attacked the theoretical

* This article is based on a review of Tri Q. Nguyen, *Third-World Development: Aspects of Political Legitimacy and Viability* (London and Toronto: Associated University Presses, 1989), 221 pp. (including notes, bibliography and index; 147 pp. of text). ISBN 0-8386-3327-7.

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underpinnings of the concepts, finding an inherent bias in prescribing a presumably superior Western "civic culture" for adoption by Third World societies. They also attacked the practical application that followed, in South Vietnam and elsewhere, for the often harsh measures undertaken by governments intent upon modernization.

In the literature following the war, the most visceral of critics took aim at Samuel Huntington's contention that unconstrained political participation had paralyzed Third World institutions and thus halted development. His argument that political order is a necessary condition for political liberty (and, thus, development) appeared to many as naked justification for governmental repression.[1]

Huntington and his critics provided an enduring agenda for debating politics and development. Despite a common perception that politics churns the problems of development, they hold very different views of the roles played by government and individuals in development.

One camp flies banners proclaiming the expansion of individual choice as the best indicator of development.[2] The role of government should be the minimal maintenance of conditions necessary for social and economic exchange. The role of development should be to provide alternatives that allow people to spring themselves from poverty and marginality. Government efficiency — and sometimes government motives — are regarded with suspicion. Given an adequate supply of economic and political resources, then, the relatively unrestricted actions of individuals best generates development.

The other camp (as exemplified by Huntington) stresses top-down development. Providing even a minimum of order requires some capacity for coercion and, thus, restrictions on individual choice. Providing development requires far more. If wasteful consumption is to be discouraged, if investment is to be encouraged and rationalized, if the benefits of development are to reach the poor, then development must be planned and development plans must be implemented. It is the relatively unrestricted actions of individuals that create economic and political imbalances; it is the indispensable role of government to correct them.

While both camps busily gather empirical materials with which to buttress their intellectual fortifications, neither ventures far into the no man's land between them. In general, neither systematically explores the effects of expanded choice on development — the conditions under which expanded choice maximizes welfare and the conditions under which it degenerates into socially inefficient divisiveness. Neither explores the conditions under which government coercion successfully orchestrates cacophonous demands and the conditions under which coercion imperils stability — destroying behavioural norms and expectations that allow

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people to adjust to change and plan for the future. And, at the very intersection of the development dilemma, neither explores the conditions under which coercion becomes unnecessary — the conditions under which individuals voluntarily comply with a government's plan for development.

Of course, voluntary compliance may mean different things in different camps. Some see it as rational behaviour by which individuals conclude that their own best interests are advanced, at least indirectly, by co-operating with government planners. Others, meanwhile, appear to view it as a consequence of inculcated cultural conditioning or socialization that alters the individual's perception of his interests.

The study of the latter, what might be called culturally conditioned political development, is enjoying something of a resurgence.[3] Both the rise of Islamic fundamentalism and the popular association of Confucianism with the East Asian development successes have prompted researchers, including Huntington, to re-emphasize prevalent "subjective attitudes, beliefs and values" as an important independent variable.[4] In contrast to earlier culture-oriented formulations, however, there is no confident assertion that following a Western path of modernization would dissolve "parochial" or "primordial" cultural, ethnic or religious affiliations. Instead, the emphasis is upon the increased salience of such affiliations as conditioners of behaviour.

Tri Q. Nguyen's *Third-World Development: Aspects of Political Legitimacy and Viability* resounds with the political development issues associated with the Vietnam War era. Tri, a former South Vietnamese civil servant, examines the former South Vietnam regime as one of three cases (along with Singapore and South Korea). Tri stresses politics as the primary obstacle to development in less-developed countries (LDCs). Like the Huntington of the Vietnam War era, he stresses a need for strong leadership and tends to equate equivocal government with moral weakness. With the post-Vietnam development experience of the Asian newly industrializing countries (NICs) to draw upon as well, Tri ambitiously proffers an alternative development strategy. While acknowledging cultural values as a critical independent variable affecting development, he warns that a simple transplantation of Western values will not suffice. Rather, Third World societies must also build upon regenerated indigenous "positive ideals".

Tri's topic is timely. Many aspects of his thesis, such as the need for "cultural renewal" and a national ideology to guide development, are the focus of intense discussion in Southeast Asian countries today. But this article finds Tri's path to political and economic development no less treacherous than those offered before. Its emphasis upon top-down development and political order are susceptible to the same criticism aimed so forcefully at the modernization school. His attempt to relate cultural

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to national interests collapses in analytical confusion. Thus, Tri's policy advice is likely to lead practitioners astray. Nonetheless, his analysis is instructive on two counts. First, it is a welcome reminder of the centrality of politics in the process of development. Secondly, it is a reminder of the apparent ease with which social scientists can identify the political roots of development problems but fail to devise means for their resolution.

The Role of Politics in Development

Politics, declares the title of chapter 1, is "the root cause of development failure"(p. 30). LDCs seem unable to escape a vicious cycle in which maladapted Western values destroy shared indigenous values, which leads to divisive coalitions in pursuit of selfish interests, which leads to patronage or corruption, which ultimately undermines the effectiveness of imported political institutions as well. As popular support ebbs, government coercion flows. If the regime is overthrown, its successor seems to find itself enmeshed in the same divisive process.

What keeps the cycle in motion? Tri sees a "crisis of legitimacy as the overwhelming constraint confronting Third World polities" (p. 19). With traditional values and institutions shattered, the government lacks *authority*, defined as the ability to enlist "more or less automatic, consensual and voluntary" compliance from the citizenry (p. 20). Governments lacking authority "must resort to other means of control to maintain discipline, such as manipulating rewards and sanctions, or coercion", a capacity called *power* (p. 20). The negative use of power — in the pursuit of selfish personal or factional interests — further dilutes authority, requiring further injections of power to sustain order (p. 21).

This unfortunate state of affairs contrasts sharply with conditions in developed countries, where citizens enjoy a "common consensus on the basic rules of the game" (p. 31). Adherence to democratic values, derived from centuries of socialization and institutionalization, reinforces a positive cycle. Greater self-compliance makes governmental reliance upon raw power increasingly rare (p. 32).

The problem, of course, is that LDCs cannot afford centuries of socialization and institutionalization. They must find an immediate means to break the negative cycle; they must overcome the politics of self-interest.

Cultural Renewal and the Role of Leadership

If the decay of shared values leads to self-interest in politics, the restoration of values might logically fuse individual and factional interests into a national interest worthy of common dedication. The acceptance of

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positive ideals (whether indigenous or adapted from the West) provides an integrative basis for development; the violation of such ideals diminishes community.

> The LDC societies are now in a period when violations of the ideal have become so prevalent that they are general rules rather than exceptions. But this is not necessarily an indictment of their cultures; to illustrate: What is labelled authoritarianism/paternalism reflects a violation of the oriental Confucian ethic but not the ethic itself. Hierarchy, an ideal feature of Confucianism for establishing social order, assumes that superordinates possess more rights but also greater responsibilities than subordinates (p. 97).

All cultures possess an inventory of ideal values upon which to construct "a meaningful democratic base" (p. 104). But how can these ideals be reactivated? It is not enough to create another government ministry to stage ancient rituals or ceremonies. Instead, the LDC must "revive its ideal spirit, and create an environment encouraging and, if need be, compelling, its people to live up to this spirit" (p. 100).

The decay of values and the proliferation of interest-based politics, however, are difficult to reverse. Most people might return to "positive behaviour" if the environment encouraged them to do so. But commoners lack the means to alter the environment if élites, often the beneficiaries of divisive politics and policies, have sufficient coercive power to sustain it. The people eventually may overthrow the regime, but cannot prevent successor regimes from falling into the same debilitating cycle — the tried and tested truism being that "Only the power wielders have the means of accomplishing the objective" (p. 100).

Wielders must wield positively. They themselves must live up to the cultural ideal, must have the courage to take the necessary risks in attacking the beneficiaries of negative politics, and must have the strength to implement cultural renewal. The overarching strategy consists of "surrounding top leaders with other positive leaders who in turn provide the leverage and momentum for extending positive leaders down the line, ultimately giving the positive forces control over the environment" (p. 101).

Political institutions are potentially useful tools for furthering that control. Indeed, "Positive leadership behavior that exemplifies the ideal spirit of cultural values and contributes to the legitimacy of the system can hardly be sustained without an institutional framework that supports that behavior" (p. 101).

Two such institutions singled out for attention are the political party and a national ideology. The political party "is the mechanism, par excellence, that looks at society as a whole and provides integration of its

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various parts by linking people and government, different interest groups, and by relating different branches, sectors, and levels of government and society to one another" (p. 106). Unfortunately, political parties in the Third World are often divisive, especially after political independence removes the common denominators that united party founders. LDC parties are thus cut adrift from traditional moorings and cannot agree on the proper bearings for development. But a national ideology, provided a positive leadership prevents it from degenerating into a mere recitation of slogans, can become a powerful rudder, thus:

> Backed by a movement of cultural renewal and exemplary leadership these causes can provide a strong moral incentive for people and groups to join and use the party as a forum to aggregate, articulate, and adjudicate divergent interests. Such an atmosphere would facilitate the integration of parochial interests, making them mutually consistent and supportive and contributive to national interest (p. 107).[5]

To summarize, development is "first and foremost a moral issue" (p. 147), requiring moral ideals to keep material interests under control. Exemplary leadership must supply these positive ideals and nurture them, even if it must compel others to follow. The institutional environment must systematically favour positive leadership. Only then can parochial interests integrate with national interests. As we turn to the examination of empirical cases, we should keep the following questions in mind:

— Can self-interested behaviour generally be subordinated to moral ideals?
— Have we any cases in which an altruistic leadership provides positive ideals and leads by example?
— Can people be compelled to adopt values?
— Can parochial interests ever yield a consensual sum?

Case Studies: Examining the Evidence

The above is a necessarily brief sketch of *Third-World Development*. The book offers other key themes that have not been presented, notably the discussion of a third camp that stresses the importance of external influences, such as foreign aid, on the politics of development.[6] It also offers greater supportive elaboration for the themes that are presented, and argues with obvious conviction. Nonetheless, conviction can be misplaced, as the empirical cases demonstrate.

Tri provides three cases to test his thesis. The former South Vietnamese regimes, with which he was well acquainted, serve as a negative case: a lack of legitimacy deprived successive regimes of popular support, leading to the collapse of the state. He then employs South Korea and

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Singapore as positive contrasts, in which he sees generally selfless leaders marshalling popular support for commonly held development goals. Each of these cases will be examined in turn.

South Vietnam

Tri reviews successive Saigon regimes, from that of the "playboy" former emperor Bao Dai, established by the French following World War II, to General Duong Van Minh's two-day term as head of state until the final collapse in April 1975. While Tri dismisses most of these regimes as lacking legitimacy (and in no apparent danger of creating any), he builds an interesting case around the regime led by the charismatic independence fighter, Ngo Dinh Diem.

Under Diem's direction from 1954–58, South Vietnam "was moving in a positive direction with a balanced use of power to increase its legitimacy.... The way Diem used power during his first four years was justified by national interest and thus was perceived as just and right by the people" (p. 70). But after the Geneva Accords and the restoration of order throughout South Vietnam, Diem turned to the expansion of his power base and thus, forfeited the chance to revive Vietnamese ideals.

> As a Vietnamese leader, Diem represented both the best and the worst of the local value system... [He was] a man with a high sense of integrity, probity, responsibility, and dedication.... Leading an austere life, he had no wives, no children and no fortune. He vowed to, and did, devote his whole life and time to saving his country and people.
>
> At the same time, however, Diem was much too authoritarian, condescending, patronizing, and uncompromising. It was these latter characteristics that led him into trouble (p. 71).

Diem ruled with the assistance of his four brothers who were of similarly strong moral fibre. But for positions beneath them, the Diems enlisted sycophants, obedient bureaucrats who raised no troublesome arguments or objections to the Diems' policies.

> All assets and liabilities taken into account, Diem and his brothers might belong to the category of superior men in terms of the local culture. They were firmly committed to the national cause and strongly determined to fight for national independence against communism as well as against any form of Western domination. Their ambition for power was more likely to be directed toward the service of a higher cause than selfish, personal, or family interests. By adopting the policy of using puppets to divide and rule, however, they were encouraging their subordinates to behave as "small men". Rather than attempting

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> to break the vicious cycle by reviving the positive culture, they were instead perpetuating its negative aspects, capitalizing on them for political purposes (p. 71).

This characterization of Diem and his regime is consistent with the contention that order is a necessary condition for political development. More importantly, it illustrates that order is not a *sufficient* condition for political development — it was only after restoration of order that "positive" trends began to deteriorate.

When viewed in the light of Tri's cultural renewal thesis, however, the Diem example creates considerable confusion. Can a man who represents the best of a value system avoid simultaneous representation of its worst? Are not some of Diem's negative characteristics (authoritarian, patronizing, uncompromising) only thinly disguised versions of the characteristics of integrity and dedication that Tri champions as the basis for forceful and principled leadership? The mere normative labelling of attributes does not tell us if or how such attributes will be employed (or interpreted by outside analysts). Similarly, if the Diems were "superior men" dedicated to a higher cause, how could they encourage others to behave as "small men"? Can "superior men" simultaneously capitalize on negative cultural aspects for political purposes, such as to expand their power base, and still pursue higher causes?

Tri's formulation imposes monstrous burdens: one must not only be able to differentiate between superior and inferior men but also be able to differentiate between values and interests. Most people would probably find the former task odious; they often would find the latter impossible. If positive values are valued positively, then individuals presumably would like to see more of them. But how then can they be categorized in a manner distinct from interests? Even if one substitutes "subjective beliefs" for "values", the immediate question would be: to what extent do beliefs suggest interests and to what extent do interests affect the selective employment of subjective beliefs?

The South Vietnam case also raises one methodological concern. With virtually no legitimacy, Tri states, South Vietnam "collapsed instantly" after the withdrawal of U.S. support (p. 78). In considering the context of the collapse, Tri might have nominated the North Vietnamese Army for a strong performance in a supporting role.[7] The thesis that the moral climate and internal illegitimacy of the regime provoked its collapse is difficult to test independent of the fact that South Vietnam was fighting off a full-scale military invasion at the time. Thus, the applicability of Tri's negative case is weakened. But perhaps there is greater potential to learn from positive cases.

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South Korea

Tri places South Korea among the few LDCs that appear to have overcome deficient legitimacy through the "firm and positive use of power" (p. 84). The political journey has not been easy, however. South Korea's First Republic, led by reform-minded "national father" Syng Man Rhee, generally squandered its original legitimacy through "controversial measures Rhee used to consolidate and expand his personal power" (p. 86). The Second Republic collapsed after nine months of factional strife. Only with the Third and Fourth Republics, initiated by General Park Chung Hee in 1963, after a 1961 coup, did a "positive use of power" begin to restore legitimacy.

> With the legitimacy of his regime enhanced by the return to constitutional government and using the armed forces, the Korean Central Intelligence Agency, and the Democratic Republican Party as power base, Park succeeded in transforming South Korea from a more or less traditional society into a modern industrialized one (p. 87).

Let us ignore the temptation to ponder whether a change "from a more or less traditional society into a modern industrialized one" is confirmation of the cultural renewal thesis or its antithesis. Rather, let us examine the method of Park's success, which was far from consensual. Park first amended the constitution of the Third Republic, then scrapped it altogether in favour of a "revitalization" constitution that allowed him to remain in power. His decisions generated considerable opposition, leading to "arbitrary methods" to deal with that opposition.

> Nevertheless, Park took great care to explain and justify these measures and submit them to the approval of public opinion through national referenda. More importantly, the outstanding results achieved thanks to his leadership, which, though highly authoritarian, was resolute, enlightened, and dedicated to the public good, appeared to more than offset the methods used.
>
> While the whole nation can now be proud of these achievements and enjoy the fruit of Park's leadership. . . he was shot and killed by one of his close assistants, the director of the Korean CIA, on 26 October, 1979, apparently after a quarrel about the methods used to deal with the opposition. . . . The way Park died presumably provided ultimate evidence of his quality as a Confucian superior man who chose as associates other gentlemen willing to serve a common and higher cause, but no small men (henchmen) whose primary concern is for their own selfish interests (p. 88).

After a brief transition, General Chun Doo Hwan was elected president under conditions of a "revitalisation" constitution, which was scrapped in 1981 in favour of a Fifth Republic constitution which provided for a

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seven-year term. He, too, assisted South Korea in its "upward march toward modernisation" (p. 89).

Third-World Development apparently went to press before the tumultuous end of the Fifth Republic and the advent of the Sixth Republic under Roh Tae Woo in February 1988. Beyond observing that those subsequent events support doubts as to the degree of legitimacy of the Chun regime, we will frame our critique in the light of the above excerpts stemming from earlier experiences.

First, the case demonstrates only that political order was convenient in the pursuit of economic development; there is no indication that any "cultural renewal" has transpired. In fact, Tri elsewhere explicitly states that economic development is the basis of whatever legitimacy the various South Korean leaders enjoyed: "Capable of using power to achieve an economic miracle that benefits all segments of the society, this polity has by the same token improved its legitimacy in the eyes of its people and the external world" (p. 24). Is this legitimacy based upon presumed values or upon material interests?

This case also demonstrates the awkwardness of evaluating whether any public policy is for the public good. If Park's leadership was enlightened and dedicated to the public good, why did he generate so much opposition that he needed to resort to arbitrary measures to contain it? Is an opposition necessarily driven by "negative forces"? Similarly, if Park was a superior man who chose other superior men to pursue higher causes, how are we to interpret Park's assassination by the head of the Korean CIA — that is, what are we to do if perceptions of "higher causes" conflict? Questions such as these should prompt us to wonder whether a "national interest" can ever derive from values, independent of political interests. Tri implicitly concedes the issue in the South Korean case, observing that Park's "outstanding results . . . appeared to more than offset the methods used". Or, in other words, the ends justified the means. Is this a way to re-create positive ideals?

Singapore

In some respects, Singapore might provide a fascinating case for evaluating Tri's thesis. If a value-driven leadership were shown to be able to forge consensus on the "public good" in a new and multi-ethnic state such as Singapore, we might be able to attach much greater confidence to its propositions. Unfortunately, Tri's evaluation of the Singapore case is given in a little less than two pages of text, insufficient to examine the workings of Singaporean politics in any detail.

He observes, as in the South Korean case, an almost breathtaking

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economic ascendancy and attributes "continuing stability, prosperity, and progress" to the "enlightened leadership" of Lee Kuan Yew and the People's Action Party (PAP) (p. 89). Tri says Lee had to use power in the early years of the republic because there was no legitimacy for him to inherit. (Here, one wonders why Diem and Park were beneficiaries of considerable legitimacy at independence but Lee, also a national father figure, was not). By the effective and positive use of power, however, Lee has built widespread popular support for an achievement-oriented meritocracy and an administration generally free of corruption.

Singapore clearly is a success story in many respects. Indeed, it is a marvel in economic terms, does appear to be generally free of official corruption, does by and large offer rewards for achievement and generally has been an island of political stability among troubled seas. But does any of that make Singapore an appropriate test of the cultural renewal thesis? As in the South Korean case, the claim to legitimacy rests upon economic development. Thus, as in the South Korean case, it is difficult to tell whether Singaporeans of all ethnic groups and at all income levels find the PAP government morally legitimate, in terms of harmonious values, or instrumentally legitimate, in terms of their own interests. Tri's formula suggests that adherence to moral values enables economic development. However, we might wonder whether economic attainment — the diminishment of economic marginality and the improvement of physical living conditions — is making concern about moral values affordable.

Indeed, the very idea of "cultural renewal" is provocative in the Singaporean context. In the absence of distinctly Singaporean cultural traditions and the presence of a multiplicity of ethnic-specific alternatives, whose positive ideals are to prevail? Interestingly, the government-sponsored drive for the creation of a more or less Confucian "national ideology" did not precede the process of economic development but can be viewed as a consequence of it.[8] Such an ideology would, therefore, be an artifact of policy, as well as a possible determinant of policy. Means and ends are fused, raising at least the prospect that the latter — the espoused ideological goals — will be employed selectively in pursuit of the former — governmental capacity to control political and economic change.

Of course, whether any such formulation succeeds in building a common identity and overarching consensus is a matter for the future to determine. Meanwhile, we should recognize that a significant share of the credit for Singapore's successes reflects, not consensus on values, but a public policy capacity for orchestrating or neutralizing conflicting interests.

Tri's cases are not supportive of his thesis. But might there be other

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cases for which the thesis provides a more satisfactory explanation? Southeast Asia, where the cultural driving forces of Islamic resurgence and Confucianism meet (and sometimes collide), should provide rich grounds for comparative study.

Assuming physical factors such as resource endowments and locations were held constant, would the development patterns of Singapore and Malaysia reflect a cultural mirror-image, in which the cultural values of Singapore's Chinese majority provide a more fertile basis for development than the Islamic and Malay ideals of Malaysia's majority? Or would the effects of policy upon access to resources and incentives prove a better predictor of performance? Drawing the former conclusion leads one towards some rather pessimistic, if not prejudicial, assessments of cultural attributes.

Furthermore, it does not offer the makings of a cogent explanation for variance observed where cultural values are shared. While Malaysian Government policy more or less consistently reflects the Islamic resurgence, the Indonesian Government assumes a far more antagonistic stance to the phenomenon. Is the Malaysian Government more intent upon the ends of cultural renewal, or is cultural renewal a powerful medium for generating or sustaining political support? If Malaysia's commitment to a religious base for cultural renewal is to be adjudged as "positive", how are we to adjudge Indonesia's secular approach?

Indonesia bases its drive for national unity upon its *Pancasila* ideology, a moral code aiming at nothing less than the transformation of a complex cultural mosaic into a uniform "Indonesian human being". Of course, *Pancasila* is not objectively codified but must be interpreted by the government. That raises the constant possibility of differing interpretations at various levels of government and selective interpretations to the benefit of preferred beneficiaries or to the detriment of unimportant or non-supportive groups.

Moreover, *Pancasila* is an assimilative policy, expressing the government's intentions to eliminate regional or ethnic differences not congruent with *Pancasila*. The Philippines, by contrast, is experimenting with accommodative strategies through the creation of autonomous regions in areas of protracted conflict stemming from previous assimilationist policies. The accommodative strategy runs the risk of generating greater segregative or separatist demands, but so do assimilative strategies if they include forced assimilation and assumed consensus. Labelling the latter "positive" because they build upon forceful implementation, and the former "negative" because of a less forceful dynamic of leadership seems a wasted exercise if the outcome in either case depends upon political skill, the resources available to the opposition, and countless other factors.

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Another example: China's model of development rejects both Western and traditional Chinese values, as evidenced by the cultural nihilism of the Cultural Revolution, and wobbles wildly in the economic incentives it provides to individuals. Meanwhile, Taiwan generally proclaims the legitimacy of the traditional Confucian model, but, none the less, is careful to limit subordination of individual economic incentives to presumed social goals. Which are the correct "positive ideals" for Chinese development? By what criteria are we to decide?

The cultural renewal thesis disappoints not because of the lack of relevance to contemporary events. Indeed, there are those bemoaning what they see as a collapse of traditional values in countries throughout the world, including such developed countries as Japan and the United States. Rather, the thesis disappoints because core concepts such as "legitimacy" and "values" invite confusion. While Tri argues that restoration of values can submerge self-interested behaviour and facilitate consensual politics, his empirical cases suggest the continued centrality of self-interest among determinants of behaviour.

Conclusion: Generalizing about Order and Interests

Third-World Development obviously carries great sympathy for those who must contend with the complexities of governing in the Third World. It sees the tenuousness with which political leaders hold the reins as they try to "ride the tiger" in a political field strewn with conflicting demands. Even so, its attempt to translate the many political shades of grey into the absolute black and white of negative or positive politics severely underestimates the complexity of governing and development.

The cultural renewal thesis, like much of the earlier strain of political development literature, hinges upon the emergence of altruistic leadership, in this case committed to positive ideals. But something is missing: we have no mechanism to deliver such a breed of leaders. Where can we get these "superior men" whose calculations are free of concern for the political or material well-being of selves or supporters? How can we expect them to behave in such a selfless manner?

Consider again the national ideology. Most commonly, it proposes a bargain: the government promises development, presumably with widespread dispersion of benefits in the long-run in return for short-run sacrifices on the part of the people. They may be asked to forgo consumption in favour of investment, their wages may be kept low to preserve the competitiveness of the economy, they may lose their land to large-scale development projects. But for the government itself, and often for its chosen beneficiaries, these same development policies very often generate short-run gains and

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defray long-run costs. Subsidized borrowing speeds investment, at least until the note falls due. Low wages may boost profits rather than competitiveness. And large-scale development projects may provide industry (often owned by the government itself) with access to exploitable resources and little incentive to conserve. In each case, the government may have a vested interest in assuring that the long run never comes.

Similarly, the professed goals of a national ideology usually include the creation of national unity, a shared sense of community. In practice, governments often selectively employ the national ideology in an effort to disrupt a shared identity or political unity among regional or ethnic groups.

Development dogma prescribes the codification of laws and non-discretionary enforcement, but governments find flexibility helpful and often preserve discretionary power. Development dogma prescribes widespread dissemination of information to allow individuals to maximize the utility of choices, but governments often guard information zealously. In short, the power to choose is a scarce resource. It requires great faith to assume that a government will manifest a desire to expand the range of choice, especially to the politically or economically marginal, if in doing so it weakens its own capabilities or sows the seeds of greater social discord.

If we cannot assume that government will be a "positive force", must we then assume the worst? Must we assume that all public officials are driven to convert political power into private gain? Or that government inevitably frustrates the wants of the population? That is just as misleading.

Analysis in terms of values, with the recognition of government as the arbiter of values, leaves one susceptible not only to empirical confusion, as we have seen, but also to the criticism that policy advice would support authoritarianism. Any demand for change from any segment of the public, or any public resistance to changes invoked by the government, can be interpreted negatively as self-interest. But an inverse interpretation — that only bottom-up development and popular demands are of positive value — is equally faulty; unrestrained majorities can do great harm to minorities, and to themselves.

Analysis in terms of interests, with the recognition of government as the arbiter of non-self-regulating interests, by contrast, might tend to clarify much of the empirical confusion. We would now have a more or less generalizable model of behaviour applicable across time, cultures and countries. And we would now expect government and individual or group actions to be self-interested, which we would no longer evaluate as negative.[9]

It is, after all, the behaviour of self-interested groups or individuals that continuously frustrates attempts to pursue collective ends, whether

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described as "development", the "national interest", or the "public good." But what are "national interests" and where do they come from?

The impossibility theorem devised by Kenneth Arrow[10] states, in simple terms, that there is no objective method for aggregating the preferences of individuals into a societal preference. If there is no objective "will of the people" then there are no objective grounds for collective ends; any formulation of public welfare must be derived arbitrarily. This is the problem that drives politics into the very heart of the development process.

Much of the political development literature seems to treat collective ends as given, as self-evident organizing principles that inform governments in pursuit of development. This leads *Third-World Development* to pursue depoliticization — a government-sponsored inculcation of values that overcome self-interest and provide grounds for compliance with government perceptions of collective ends. However, if there are no objectively derived collective ends, then there can be no politically disinterested government. In essence, all development choices require political choices. To the extent that government choices are perceived by individuals as against their interests and politically motivated, the likelihood of voluntary compliance may be expected to diminish.

A proposal for cultural renewal tends to support an emphasis upon continuity. It seeks a static set of values that, once operative, would not resolve conflict but would eradicate it at the source — within the minds of men. While we await fruition of such a dramatic undertaking, we might better focus attention on the political interplay of interests. That is a more dynamic conception of more modest intent; it explores methods of managing conflict and encouraging co-operation, to allow non-chaotic adjustment under constant and conflicting demands for change.

The call for cultural renewal, as presented, leaves a gap between leadership and mass response. At every turn, government demands compliance, to piece together collective ends where none will otherwise emerge. There is, meanwhile, scant consideration given to the supply of compliance. We are given no reasons why individuals would voluntarily follow the leader even if it entails acceptance of a disproportionate share of sacrifice.

Yet, governments do enjoy voluntary compliance, though the measure may vary tremendously. What links supply and demand? What fills the analytical gap? An analysis of interests soon turns to the mediating role of political institutions — not only corporeal institutions such as organizations and parties but also behavioural institutions such as rules, procedures and precedents. If behavioural institutions are routinized and interaction occurs with some degree of predictability, then political community is strengthened; individuals can sacrifice not only because a custodian of

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cultural values demands it but also because they have reason to expect their action to create desired benefits, for others or for themselves.[11] In the cultural renewal thesis, however, it is the duty of political institutions to sustain positive leadership. Where right confronts wrong, there is no need for mediation.

Voluntary compliance is a political puzzle that supposition of normative absolutes — such as Tri's positive and negative politics — is unlikely to solve. To the extent that cultural renewal actually does condition perceptions of self-interest, voluntarism is unnecessary; to the extent that strong leaders are committed to a course of action, voluntarism may be moot.

NOTES

1. The most relevant works by Samuel P. Huntington are "Political Development and Political Decay" *World Politics* 17, no. 3 (1965); *Political Order in Changing Societies* (New Haven and London: Yale University Press, 1968); and "The Change to Change: Modernization, Development and Politics", *Comparative Politics* 3, no. 3 (1971). For a critique, see Mark Kesselman, "Order or Movement? The Literature of Political Development as Ideology", *World Politics* 26, no. 1 (1973). Huntington, however, is widely hailed as the man who restored politics to a political science characterized by sociological analysis. As a pertinent example, Huntington helped shatter prevailing conceptions of linear developmental paths and indicated that the processes of development were likely to generate conflict rather than "modernization".
2. For an example of development conceptualized as expansion of choice, see David Apter, *Rethinking Development: Modernization, Dependency and Postmodern Politics* (Newbury Park, Calif.: Sage Publications, 1987), p. 16. For timely and interesting reviews of the politics of development, see H.W. Arndt, *Economic Development: The History of an Idea* (Chicago and London: University of Chicago Press, 1987); and David Goldsworthy, "Thinking Politically About Development", *Development and Change* 19, no. 3 (July 1988).
3. See, for example, Myron Weiner and Samuel P. Huntington, eds., *Understanding Political Development* (Boston: Little, Brown & Co., 1987). An essay by Weiner, "Political Change: Asia, Africa and the Middle East", observes that top-down development efforts have not uniformly met with wide-scale popular resistance, as critics had predicted, and that much of the observed instability in developing countries stems from intra-élite conflict, not mass frustration.
4. Samuel P. Huntington, "The Goals of Development", in Weiner and Huntington, eds., *Understanding Political Development*, p. 22.
5. The prominence of one-party states and quasi-corporatist umbrella organizations in Asian politics obscures the extent to which they serve as a bottom-up instrument of popular voice or as a top-down instrument of control and as a vehicle for the selective provision of benefits. Tri does not systematically discuss parties as political factors in his cases.
6. Regarding external sources of influence, Tri agrees with dependency theorists that both colonial and contemporary imbalances in power and resources have contributed to the problems of the LDCs. For example, much of the foreign aid given or loaned to

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LDCs ends up returned to donor countries through purchase of equipment or hiring of contractors or consultants. "But to explain underdevelopment and dependency merely in terms of exogenous factors while completely ignoring the reactions of endogenous forces is at the least one-sided, deterministic, and contemptuous of LDC peoples" (p. 129). Addressing foreign or international aid donors, Tri suggests that they pay far more attention both to the political premises of their aid and to the political consequences, that is, that they support leaders intent upon instilling positive ideals. While many have criticized the tying of aid to donors' economic or political interests, Tri's contention that donors should consciously use aid to reward leadership based upon "positive ideals" leads to novel directions. For example, he suggests that the CIA, the British Secret Service and other intelligence agencies should join forces to find ways of "bringing positive forces together to break the vicious cycle and lay a sound basis for a viable polity" (p. 141). It is hard to imagine a set of circumstances under which such help could be welcomed publicly by the recipient government itself, much less by those adjudged to be not among the positive forces. Tri does not relate his foreign aid theme directly to his cases, so further consideration of the role of aid is not included in this article.

7. Especially since the threat of communism is a major theme throughout Tri's book. Tri contends that communist regimes enjoy uninterrupted order because they can apply a much greater concentration of coercive power. I have generally deleted Tri's analysis of communist regimes from consideration in this article because of the stunning process of disavowal of communism in Eastern Europe — of which Tri was far from alone in his inability to foresee. Nonetheless, it is worth noting that his portrayal of a "monolithic Communist bloc headed by one big boss" (p. 103) creating a model of "such a high degree of sophistication and perfection that no well-established Communist regimes have been overthrown so far" (p. 33) is in need of repair. An obvious implication is that those like Tri who advocate foreign aid, at least partially, as a means of preventing LDCs from "falling into the Soviet orbit" may need to rethink their positions.
8. The drive for a Singaporean national ideology was launched in 1987. A parliamentary study committee is yet to report on the precise contents of the ideology, but it is widely expected to parallel Confucian ideals, including consensual resolution of issues and subordination of individual interests to the general good of society.
9. It should be acknowledged that analysis based upon interests is plagued with problems of its own, not the least of which is devising an objective means of identifying others' interests and preferences. Nor can it be claimed that people always act in a self-interested or rational manner. Some forms of behaviour, such as those in accordance with faith, adherence to superstition or self-sacrifice in combat, fall beyond the model. But the relative rarity of such non-rationally-directed behaviour offers testimony to the general utility of rational-actor models. I have not argued that there is no place for consideration of morality in politics, nor that the processes generally called socialization cannot affect individuals' values, especially in the longer run.
10. See Kenneth Arrow, *Social Choice and Individual Values* (New York: Wiley & Sons, 1963). For formal proof, see Norman Frolich and Joe A. Oppenheimer, *Modern Political Economy* (Englewood Cliffs, N.J.: Prentice-Hall, 1978). For such "public choice" applications to development problems, see Robert H. Bates, ed., *Toward A Political Economy of Development: A Rational Choice Perspective* (Berkeley: University of California Press, 1988).
11. For leading examples of institutionalist analysis, see James G. March and Johan P. Olsen, "The New Institutionalism: Organizational Factors in Political Life", *American*

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Political Science Review 78, no. 3 (1984); or Douglass C. North, *Structure and Change in Economic History* (New York: Norton, 1981). For an ambitious attempt to model voluntary compliance in an institutionalist framework, see Margaret Levi, *Of Rule and Revenue* (Berkeley: University of California Press, 1988).

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Book Reviews

***Pacific-Asian Economic Policies and Regional Interdependence.* Edited by Robert A. Scalapino, Seizaburo Sato, Jusuf Wanandi, and Sung-joo Han.** Berkeley: Institute of East Asian Studies, University of California, 1988. 352 pp.

A spectre stalks through the pages of this book, the spectre of a hegemon in decline. If, over the past several decades, the United States, uniquely qualified by political circumstance, preponderant economic strength and military might, established an interdependent economic regime in those parts of the world where its political writ held sway, then what is to happen to the resulting pattern of order when the hegemon seeks to walk away from the structure of rules it has so carefully constructed?

There can be no answer, of course, to such a spectral problem, and this book does not attempt to offer one. In looking at the international economic regime that was a consequence of American domination of the Asia-Pacific region, it can only conclude that while change is inevitable, no one can say in which direction that change will go or what will be the nature of its process. The collection of articles here ranges over well-worn ground, and in some cases has been overtaken by events subsequent to the book's publication. Yukio Noguchi's examination of the regional impact of Japan's economic policies, while sensitively balanced and percipient, concludes that a combination of internal social change and accommodation to external pressures must enlarge the focus of Japan's attentions; but it is unclear from where Japan will summon the political will to help it encompass the hegemon's burdens. Noguchi lays great store by the Maekawa Reports of 1986 and 1987, which argued that Japan's industrial

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structure had to change from an orientation on exports to a reliance on domestic demand. That shift is already under way, yet relations with the United States have gone from bad to worse as other countries are seen to be the beneficiaries of the increasing Japanese import-demand, and the internationalist considerations of the Maekawa Commission have been replaced on both Japanese and American sides by a more narrow-minded confrontational revisionist attitude.

John Wong's chapter on the People's Republic of China has a dated air about it. Writing before the Tienanmen massacre and placing himself firmly in the "lamps for China" school, Wong draws an optimistic vision in which political difficulties will not be allowed to impinge on rapidly expanding international economic ties, as China maintains high growth rates and an open-door attitude; even the prospect for Hong Kong is fair and bright. Such a level of optimism appears a trifle misplaced today, as political change in Eastern Europe opens up alternative opportunities for international capital and hard-line orthodoxy regains lost ground within China itself. Of course, China is too large a player to be totally discounted; yet, as Gustav Papanek's piece on the South Asian countries makes clear, size on its own provides no safeguard against being marginalized in the global political economy. India has steadily lost ground in world trade, more outward-looking forces are opposed by entrenched protectionist interests, and changes in the international organization of manufacturing processes make export-oriented development increasingly difficult to initiate.

Possibly the most useful corrective to excessive optimism comes at the tail-end of this book, with two chapters on the institutional record of Asia-Pacific economic co-operation, by Hadi Soesastro and Miles Kahler respectively. Soesastro argues that as the international trading system declines, the Pacific region will degenerate into a complex network of bilateral managed trade agreements which will be difficult and costly to maintain. Kahler keeps a healthy scepticism in painting a picture in which politicians wax enthusiastic over the virtues of "consultation" to little noticeable effect, keenly abetted by academics (in particular, economists, as Kahler notes) whose fervour has been fanned by prevailing intellectual fashions. Mark Twain's famous complaint about the weather comes to mind, that everyone talked about it but no one did anything about it.

Indeed, the Pacific has always held its sway over those who have surveyed it since stout Cortez's eagle eyes, engendering (so it would seem) the same unrealizable and wild surmise. Between the vision and its realization lie too many imponderables. It may be commonplace to argue that the hegemon, staring decline in the face, needs to find another to help it

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carry the burden, and the economic interests at stake in the region are too great to allow Japan to prevaricate. But is the hegemon indeed in decline? In what is perhaps the best piece in the book, Lawrence Krause reminds us that the economic strength and accomplishments of the United States should not be underestimated. In Krause's view, the Asia-Pacific region gained greatly from the policies of the Reagan Administration in the 1980s, and no country gained more than Japan. If decline is apparent today, it is not a decline in American capacity, but in American political will.

Krause's analysis encourages further speculation. If American power is undiminished, but the United States is no longer prepared to use its hegemony to support the existing system, then perhaps it is its misuse of hegemonic power to support narrowly-defined national purposes that is at the root of present-day problems. Furthermore, if both the United States and Japan (the obvious rising contender) lack the political resolve to undertake the sacrifices necessary to keep the system together, then a dangerous lacuna opens up which recalls the economic depression of the inter-war period, when the United States had the economic strength but not the political will to replace Great Britain in enforcing liberal free-market rules.

On the other hand, we may take a more optimistic view. Whether or not American power is in decline is immaterial, because stability need not necessarily depend on a hegemon being around. There is life after death, order is still possible, and the rules of a liberal economic regime will be maintained, so long as the member-states of that regime remain linked in patterns of complex interdependence and they see it as in their own self-interest to co-operate. Freed from the coercions of a hegemon, independent states (like independent individuals in a free market) will still behave rationally with regard to the existing regime in place. So perhaps a qualified and guarded optimism over future economic integration within the Asia-Pacific region may be allowed. Regardless of what the future holds, the states of the region will, at the least, muddle through, perhaps with some confrontation and discord, yet nevertheless each pulling its weight to keep the self-beneficial liberal regime going. This book may provide us with no answers, but at least it helps us survey the changes sweeping the region and, in some instances, promotes further interesting speculation on the future prospects for regional interdependence.

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***The Armed Forces of New Zealand and the ANZUS Split: Costs and Consequences.* By Peter Jennings.** Occasional Paper No. 4. New Zealand Institute of International Affairs, 1988. 108 pp.

Given the paucity of public information on his subject, Peter Jennings has set himself a demanding task in attempting to determine the consequences for the New Zealand Armed Forces (AFNZ) of the Labour government's decision in early 1985 to embark on a policy course which would fundamentally change the nature of the nation's security relations with the United States. More specifically, the author pin-points those areas of defence co-operation between New Zealand and the United States which were affected by the latter's retaliation against the then Lange government's questioning of the U.S. practice of neither confirming nor denying the presence of nuclear weapons on board its vessels visiting foreign ports.

Following a brief discussion of the nature of defence co-operation between New Zealand and the United States prior to February 1985, a more substantial chapter is devoted to examining the "pain" subsequently suffered by the AFNZ including, *inter alia*, the loss of informal, high-level access to Pentagon officials and of expertise formerly gained through co-operative military exercises; restricted access to U.S. training courses, communications technology and research and development; complications in bilateral logistic supply and equipment maintenance arrangements; and the loss of intelligence products previously shared among the Western community.

The penultimate chapter then explores a number of consequences faced by the AFNZ caused by these unwelcome costs, including a serious decline in the operational capabilities of the three services, and in particular of the navy; the revelation of shortcomings, confusion and inconsistency within and between the government's policy pronouncements, budgetary allocations and force structure plans for a more self-reliant defence posture; and the prospect of increasing strains in defence co-operation between Australia and New Zealand as the former continues to out-pace AFNZ military skills through close defence co-operation with the United States and, as the author predicts, attempts to dominate policy and arms acquisition decisions made in Wellington in ways which may be detrimental both to the financial priorities of the New Zealand Government and the operational efficiency of the AFNZ.

Having cast a pessimistic eye over the AFNZ's prospects for development without the support formerly provided by the United States, the author concludes that, as of April 1988, the Labour government had failed in its attempts to develop a more self-reliant defence posture, incorporating

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closer defence relations with Australia, as a means of offsetting the costs inflicted on the AFNZ by the ANZUS rift.

While the author's case is presented in forthright and well documented terms, backed at key points by information derived from private interviews with defence officials in the United States, New Zealand and Australia, the reader may be forgiven for feeling somewhat ill at ease amid the pages of such an apparently watertight and damning presentation. This feeling might be attributed to questions concerning issues which the author has chosen not to cover rather than to any doubts as to the veracity of the information provided.

For example, it would have been helpful for the author to have included at an early stage a brief section on the political conditions in New Zealand during the early to mid-eighties in order for those readers with little background knowledge (one suspects the majority of his audience) to appreciate the political thinking and imperatives which brought the Lange government to throw itself into a period of difficult security relations with both the United States and Australia. Indications of the political conditions of the time are consigned for the most part to glimpses scattered throughout the text or footnote references. In short, if the catalogue of privations suffered by the AFNZ is comprehensive, it lacks contextual perspective.

While the author stresses that the New Zealand military at no time questioned the government's right to make policy to which the services might object, the author presents unashamedly a pro-military case; a complement to the occasional, embarrassing leak from the New Zealand defence community designed to undermine the credibility of the government's publicly expressed confidence in the prospects for greater defence self-reliance minus elements of the U.S. connection. The reader is left with a bleak picture of alienation between the government and its defence bureaucracy and military personnel. A former defence minister receives sustained criticism, bordering on implicit allegations of incompetence, throughout the work, contributing to the overall impression of civilians as bogeymen baffling hard-pressed service personnel. Such may have been the case, but we are left somewhat sceptical of the simplicity of the sketch. In the interest of balance, it might have been worthwhile to have canvassed counterpoints to the New Zealand military's undoubtedly sincere, though perhaps in some instances, self-serving arguments against government policy. To what extent was the military engaged in preserving comfortable, though decreasingly relevant capabilities, skills, doctrine, international status and equipment more suited to a bygone era of defence dependency? Did the military possess proposals for the development of defence policy which were any less incoherent than those promoted by the

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government? Were the losses felt by the AFNZ as permanent as the author believes? Are the alternatives to U.S. co-operation really so second-rate?

On the last question, for example, the reader will be obliged to look beyond the pages of this monograph for a full evaluation of the worth of non-U.S. sources of arms, intelligence co-operation and exercise and training expertise, particularly from Australia, Southeast Asia, and the Southwest Pacific. Admittedly, these are difficult areas for public analysis, a detailed account of which would be beyond the scope of a monograph-sized publication. But the author accepts too readily the New Zealand military's position that exercises under the Five-Power Defence Arrangements should be considered as less exacting complements to ANZUS exercises and that Army exercises with regional participants are qualitatively inferior to exercises with the United States. Again, such may be the case. However, inadequate attention is devoted to the relevance and value to New Zealand of the alternatives, especially with the increasingly sophisticated maritime and land capabilities emerging in Southeast Asia and the need for both Australia and New Zealand to become more actively involved in security issues in the Southwest Pacific in ways acceptable to that region.

Notwithstanding the above suggestions, the work is concisely written, tightly structured, and polished with a measure of wit welcome to what might otherwise have been a dry subject. Jennings displays a keen nose for the contradictions and irony revealed by juxtaposing various defence policy statements made prior to, and during the Lange government's term of office. Perhaps such an approach would be easy targets for the reader's titillation, but by maintaining his sense of purpose, the author successfully portrays the AFNZ's contemporary predicament and, by putting defence policy rhetoric into perspective, highlights the government's inadequate consideration of the difficult military problems caused by an essentially political decision.

Those familiar with the recent development of Australian defence self-reliance might be forgiven for suggesting that the New Zealand defence community could benefit from a kiwi version, more sophisticated than that attempted to date, of the process of defence policy consolidation triggered in 1986 by Dr Paul Dibb. If a future New Zealand government can address objectively the criticisms contained in this monograph, and doubtless in Jennings' works to come, it may find in the author a useful contributor to the cause. In the meantime, those of us on the sidelines can look forward to the fruits of Jennings' growing expertise in what has been a neglected area for considered analysis.

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***Soviet Air Defence Missiles.* By Steven J. Zaloga.** London: Jane's Information Group, 1989. 384 pp.

Well-known weapons analyst and theoretical physicist Norman Friedman has described this book as "remarkable" and for good reason. It is the most detailed account of Soviet air defence missilry in print to date.

The book covers both land and sea-based systems and is compartmentalized into three conceptual sections, covering Strategic Air Defence, Tactical Air Defence, and Air Defence Radars. Within the first two sections, individual missile systems are described and analysed in depth. Unlike other books devoted to weapons systems, the author does not develop his analysis in a vacuum, but rather in the context of the actual combat performance of the missile systems as, for example, in Vietnam and Lebanon.

The book is usefully illustrated with photographs and line-drawings of the various missile systems, deployment patterns of selected systems, the organizational structure of individual missile units, and the like. The impressive amount of detail one is struck by is further buttressed by tables covering technical and operational data. There is even such difficult-to-find data as the total number and types of Soviet surface-to-air missile (SAM) launchers in use in no less than 47 countries which, incidentally, indicates a current deployment of 200 SA-2 and 180 SA-3 launchers in Vietnam. (In its *Military Balance*, the London-based International Institute for Strategic Studies does not provide as comprehensive a listing as might be expected.) Not surprisingly, therefore, all the tables are unattributed, giving evidence of the many years of painstaking research that went into putting together this volume. In other words, the author is *the* source for much of the new material revealed here.

A glimpse of the intensity with which the Soviets have proceeded with their weapons modernization effort, even in the era of *perestroika* and reduced international tensions, is provided through an examination of the SA-12 Gladiator/Giant tactical SAM, the SA-13 Gopher tactical SAM, and the experimental SA-X-15 tactical SAM systems. The chapters on Soviet anti-ballistic missile and anti-satellite missile systems, which include forward projections of missile production and deployment patterns, provide further evidence of both the robustness of the Soviet weapons research and development effort and the substantial resources devoted to it, notwithstanding the USSR's current economic malaise.

On a related note, though the book does not mention specific SAM area deployments in the Soviet Far East, U.S. intelligence agencies have widely reported the continued strengthening of the *Voyska PVO* (Homeland Air Defence Force) land-based missile defence screen in that theatre, and the further integration of *Voyska PVO* systems with that of the Navy

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as part of an overall combined arms effort. In fact, new deployments of anti-tactical ballistic missile systems around the key Soviet Pacific Fleet base of Petropavlovsk were reported to have commenced in January 1990. The new tactical SAM systems are expected to complement the continued heavy deployment of fourth generation air defence fighters like the MiG-31 Foxhound and the Su-27 Flanker to coastal installations in the Far East. It is assumed that both the land and air-based systems will be linked to command and control posts such as the Il-76 Mainstay, an aircraft which saw its first appearance in the Far East in December 1988.

The versatility of Soviet air defence missilry is perhaps best highlighted by the mobility of the land-based launch platforms, epitomized in the SA-4 Ganef, SA-6 Gainful and SA-8 Gecko systems, in addition to the three newer systems cited above. By not being static in nature, Soviet SAM battalions can move across terrain in quick order to secure area air defence for Soviet Army units on the advance. Along the Sino-Soviet border, the three-tiered Soviet air defence curtain provides a formidable challenge to the antiquated fighter and bomber aircraft of the Chinese air force. Indeed, in 1984 one Soviet officer from the *Voyska PVO* went so far as to say that in the event of Sino-Soviet hostilities, Soviet mobile SAM units could penetrate deep into Chinese territory. Operating from there, these units could assist in defeating the Chinese air force before it could play any significant combat role. Though this seems a tall order, it is perhaps symptomatic of the technological strides the Soviets have made in their SAM development programmes.

Zaloga's *Soviet Air Defence Missiles* is undoubtedly a valuable reference work. Both the bibliography and index are just as comprehensive as the text itself. The book is to be highly recommended to the student of Soviet military affairs, and to all those specializing in weapons-systems analysis.

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The United States and Conflict Reduction in Southeast Asia

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The end of the cold war in Asia requires a new rationale for the maintenance of reduced forward deployed American air and naval forces. For Southeast Asia, a continued U.S. military presence is seen as contributing to the preservation of a climate of international stability conducive to business investment and economic growth. No ASEAN member desires a precipitous U.S. withdrawal which, it is feared, would lead to new force projections by Japan, China, and possibly India to assert their interests in the region. The ASEAN states, too, would have to increase their own air and naval deployments more rapidly than would be necessary if the Americans remain on the scene. Rather, they would prefer a gradual reduction in U.S. forces over the next decade in tandem with the region's creation of a new political order able to see to its own security.

America's Adjustment to Tension Reduction

Protracted international conflicts confined to a particular region of the world may be resolved or contained in several ways: 1) *force majeure*, by which one protagonist prevails over the other through force of arms; 2) negotiation, through which political élites compromise their differences by either mutually sacrificing some of their preferences or altering their engagement so that co-operation replaces conflict, for example, over the exploitation of resources; 3) the interposition of a temporary administration to separate the protagonists and arrange for an assessment of the popular will if the conflict is over regime legitimacy; and 4) an agreement by the protagonists to withdraw from the area of contention.

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Each of these approaches to conflict settlement is relevant to one or more Southeast Asian situations, ranging from the issues of the Cambodian conflict, the future of foreign bases in the region, Indochina's relationship with a regional order dominated by the Association of Southeast Asian Nations (ASEAN) to even the creation of a Southeast Asian economic arrangement. This article will explore conflict reduction prospects for the major actors in several of these issue areas and assess prospects for their success. In an era of world *détente*, it is appropriate to see whether global dynamics are also affecting regional politics.

The international system is no longer dominated by American political and economic hegemony. In the last decade the United States went from being the world's largest creditor nation to the status of its largest debtor, a position it continues to occupy today. Indicative of the linkage between economic stature and political clout has been the necessity for the U.S. government since the late 1980s to reduce defence spending as part of an overall deficit reduction programme. A smaller defence capability inevitably leads to a security policy emphasizing negotiation and compromise over the implicit or explicit threat of the use of force. For the United States and the Soviet Union, a situation of *complex interdependence* has evolved in which security issues become focused on arms control rather than military competition.

In Asia, although the United States continues to provide an extended deterrent umbrella to treaty partners (Japan, the Republic of Korea, the Philippines, Australia, and possibly Thailand through the 1962 Rusk-Thanat Agreement), Washington has come to rely on the Asian states themselves for finite deterrence. The latter are expected to counter local military threats on their own, while U.S. naval and air forces deter more distant potential adversaries and maintain the freedom of air and sea lanes.[1] However, the extended deterrence portion of this relationship may decline further in the 1990s.

U.S. Defense Secretary Richard Cheney forsees a 20 per cent reduction in defence spending from 1985 — the height of the Reagan Administration's military build-up — to 1995; and that is probably a conservative estimate of the decline. Defence would then take a projected 4 per cent of gross national product (GNP), the lowest level since World War II.[2] While there are no immediate plans to significantly reduce U.S. forces in the Pacific, rationales for their presence are changing away from the imminence of a Soviet threat and towards the idea that a precipitous U.S. withdrawal would undermine business confidence and, therefore, the investment needed for continued regional economic growth.[3] Moreover, a 1990 long-term Pentagon Defense Guidance document instructs the services to plan for the abandonment of the Philippine bases and to

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consider other Pacific locations, including a move east to U.S. territory in mid-ocean, that is, Guam and Hawaii.[4]

While the diminution of a direct U.S. presence in Southeast Asia appears virtually inevitable in the 1990s, the build-up of local forces is seen as an offset to these developments as extended deterrence wanes. Most of the U.S. defence assistance earmarked for Thailand, the Philippines, and Indonesia in the fiscal year 1990 is in non-repayable grants for the purchase of American weaponry. Nevertheless, a US$250 million military aid budget for Southeast Asia is still US$121 million less than the figure appropriated for 1986. Moreover, U.S. aid cuts since the mid-1980s have created concerns among some ASEAN members that both China and Japan will become greater players in the region. Japan might extend its maritime patrol zone south of Taiwan, while China has already become a significant supplier of arms to Thailand — a situation which could complicate ASEAN–Indochina relations in the wake of a Cambodian settlement.[5]

The Soviet Posture Towards Tension Reduction

Just as U.S. defence policy is constrained by a combination of fiscal limits and reduced threat perception, Soviet policy faces even more serious economic difficulties. President Gorbachev's call for "reasonable sufficiency" in defence spending has become the basis for both unilateral arms reductions in the eastern part of the Soviet Union and his appeal to the United States for naval arms control negotiations in maritime Asia. Gorbachev's new policy orientation emphasizes enhanced political and economic ties with non-communist states, seeks to replace Moscow's negative image with that of a partner that could be relied on, and encourages the development of anti-nuclear and neutralist sentiments specifically to force a reduction of the U.S. presence, particularly in Southeast Asia.[6]

Soviet normalization of inter-party relations with the Chinese in the spring of 1989 — coincidental with the events in Tiananmen Square — symbolized Moscow's decision to downgrade the importance of its relations with Hanoi. The Soviets have diminished, though they have not yet abandoned, their earlier strategy of surrounding China from positions of strength so as to dissipate its military capability and, incidentally, contain its deployments in the South China Sea. Moscow's essentially neutral response to the March 1988 naval clash in the Spratlys between the PRC and Vietnam probably validated this policy change to both protagonists.

Washington, however, has not accepted this new Asian policy of the USSR at face value. The United States notes the continued modernization of the Soviet Pacific Fleet which by 1988 had acquired two of the Soviet Navy's three Kiev-class STOL aircraft carriers, one of its two large

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amphibious ships, half of its *Yankee*-class attack submarines, as well as its modern Victor III. Moreover, there are 80 *Backfire* bombers stationed in Soviet Asia, placing most of the region within air strike range. One careful U.S. Government strategist described the Soviet Pacific Fleet as providing both force projection and coastal defence capabilities through anti-surface and anti-submarine warfare.[7]

Nevertheless, the Soviet Pacific Fleet has reduced its ship-days in the South China Sea and Indian Ocean and by early 1990 had removed most of its aircraft from Cam Ranh Bay. The Pacific Fleet primarily deploys close to its home waters in the Sea of Okhotsk and northern Sea of Japan; and the Soviet President may be considering a trade-off between its continued growth and modernization for a treaty that would reduce the American ability to attack the eastern USSR with nuclear-tipped sea-launched cruise missiles (SLCMs). The Soviet naval position in Asia is relatively weak. To compensate, Gorbachev's Pacific initiatives call for a freeze on naval and air forces in that theatre, an agreement to keep nuclear-armed warships beyond the range of both U.S. and Soviet coasts, and the limitation of ASW (anti-submarine warfare) forces to agreed-upon zones creating a safe haven for Soviet ballistic missile-carrying submarines in the Seas of Okhotsk and Japan. In a similar vein, Gorbachev has endorsed ASEAN's nuclear-free zone proposed for Southeast Asia. If strictly implemented, it could remove American ships from the region's bases because of Washington's "neither confirm nor deny" (NCND) principle.[8] Moreover, the Soviets continue to publicize the Soviet President's call at Krasnoyarsk in 1988 for the total elimination of foreign bases from Asia by the year 2000 — a proposal aimed at removing its main adversary from a region where the Soviet presence is already in relative decline.[9]

If the TU-16 bombers and their supporting MiG-23s, withdrawn in late 1989 from Cam Ranh Bay, do not return, then the USSR has significantly reduced its anti-ship capability in Southeast Asia as well as its counter to the U.S. presence in the Philippines. The withdrawal also weakens Moscow's ability to check China's growing blue water fleet in the South China Sea. The Soviets would be less able to intervene in possible future naval actions by the People's Republic of China (PRC), such as the one against Vietnam in the Spratlys. Soviet spokesmen characterize the Cam Ranh Bay withdrawal as an example of Moscow's "purely defensive structure in the Asia-Pacific region".[10]

The Soviets report that their naval and air exercises are now confined to the Seas of Okhotsk and Japan with the sole purpose of defending against an attack on Soviet territory. They note with regret, however, that none of these unilateral tension reduction measures has been reciprocated by Washington.[11] The Soviet ambassador to the Philippines further

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promised that the first step in a complete departure from Cam Ranh Bay had been taken with the exit of Soviet aircraft.[12]

Concurrent with the Soviet force reductions are reports that military assistance to Vietnam will be cut by two-thirds, beginning in 1991. Simultaneously, the Soviets have been pressing Vietnam to improve relations with China and the West, motivated in large part by the desire to ease the joint burdens of providing for Vietnam's security and economic well-being.

Contrasting the USSR's display of a benign regional security posture with American efforts not only to renew its Philippine presence but also to expand deployments to Singapore, the Soviets propose a regional conference in Asia, the goals of which would be arms reductions and troop withdrawals, parallel to the conventional force reduction talks in Europe.[13] Of course, the difficulty of comparison between these two regions is not mentioned in the Soviet proposal.

ASEAN's Central Position in Regional Tension Reduction

It is useful to remember that the motives behind ASEAN's formation in 1967 lay in its members' hopes to avoid being drawn into the cold war division that had split Indochina. The contemporaneous Sino-Soviet dispute reinforced regional predilections to stay out of contentious great power conflicts. Rather, ASEAN looked to a future state of affairs when Southeast Asian states would bear the primary responsibility for their own security. Thus, the Bangkok and Kuala Lumpur declarations as well as the Bali Treaty of Amity and Cooperation were all intended to apply to the whole region as the great powers settle or abandon their own regional disputes.

The 1990s may well be the decade ASEAN has anticipated since its inception. As Soviet support for Vietnam's regional ambitions atrophies, the *raison d'être* for countervailing American force is called into question. Fear of Soviet-backed Vietnamese intentions may no longer be a sufficient cement to hold ASEAN together on security matters and justify its *de facto* alliance with the West. Indicative of the resolution of old conflicts has been Indonesia's slow but inexorable move towards the re-establishment of diplomatic relations with the PRC, broken since the abortive PKI (Partai Komunis Indonesia) coup of 1965. Restoration of political ties between Jakarta and Beijing will also pave the way for Singapore's establishment of ties with the PRC. Complete ASEAN recognition of China symbolizes the Association's confidence in its ability to deal with great powers whose motives may still be viewed with suspicion.

The transition from a great power-dominated Southeast Asia to a region whose future is in the hands of its own members has actually

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been in progress for some time. The withdrawal of Soviet air power from Cam Ranh Bay and the probability of a reduction in forward-deployed U.S. forces in the region have, however, created new frictions among ASEAN members. While all the states wish to keep a U.S. presence in the vicinity, hosting that presence is quite another matter. With the potential revitalization of the Zone of Peace, Freedom, and Neutrality (ZOPFAN) proposal on the horizon, Singapore's 1989 offer to provide limited facilities for U.S. air and naval contingents elicited a mixed response. Thailand was the only state that welcomed Lee Kuan Yew's invitation; Malaysia was overtly opposed, while Indonesia expressed private reservations, though it refrained from public censure. Indeed, Kuala Lumpur's negative response to the Singapore offer revealed political differences that persist within ASEAN couched in Malaysia's interpretation that Singapore was unwilling to trust its future security to its ASEAN partners. Indonesia, too, believed that U.S. base facilities along the Malacca Strait would prevent Jakarta from exerting control over its own archipelago.[14]

Weatherbee identifies a division in security concerns within ASEAN that may complicate future collaboration as the Indochina situation eases. That division separates maritime ASEAN from Thailand. Bangkok still sees Indochina as the source of future challenges; and, therefore, the necessity to maintain a China connection. By contrast, Malaysia and, to a lesser extent, Indonesia focus on the South China Sea disputes which involve some ASEAN states as well as Vietnam, China, and Taiwan.[15]

In preparation for these challenges of the 1990s, some ASEAN leaders have proposed studying the prospect of a formal defence community. Malaysia seems particularly interested, but only if Singapore withdraws its offer to the United States.[16] With an eye to future maritime confrontations over the Spratlys, especially between China and Vietnam, there is a logic to sea-lane patrol co-operation among Malaysia, Indonesia, and Singapore. Neither of the former two, however, appears likely to pursue such co-operation if U.S. forces were permanently stationed in Singapore as the conditions of ZOPFAN would be explicitly violated.[17]

ASEAN defence establishments are exploring new possibilities for co-operation premised on an international environment in which the Soviet presence is reduced but that of China and Vietnam may grow. Philippine and Indonesian defence officials have discussed developing regional defence industries which would have preferential access to ASEAN markets.[18] Ventures of this kind are viewed as movements along the road to multilateral security co-operation. Although only at the discussion level, they could be seen as a progression beyond the current joint exercises between Indonesian and Singaporean and between Malaysian and Singaporean ground forces on Indonesian and Malaysian territory

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which themselves would have been unthinkable only a few years ago.[19] A further impetus to ASEAN maritime co-operation is the concern that any U.S. withdrawal from the region could lead Japan to extend its naval presence south of the Bashi Channel to protect its SLOCs (sea lines of communication) to the Persian Gulf. Indonesian Defence Minister General Benny Murdani insisted that the ASEAN states should develop their own regional defence capabilities to pre-empt any new deployments by outsiders.[20] A Malaysian naval officer suggested the division of the South China Sea into separate patrol zones for the littoral states. The current naval building programmes of Malaysia, Singapore, and Indonesia will yield a maritime missile-armed force which, if deployed co-operatively, could have a significant deterrent and interdiction capability.[21] It should be noted, however, that such multilateral co-operative plans do not appear to be on any nation's agenda.

In sum, ASEAN military officials acknowledge the potential for new or enhanced external actors in the region, including China, Vietnam, Japan and even India, whose influence already extends to the western entrance of the Straits of Malacca. They are concerned that, as China develops a strong navy, it will want to reimpose its dominance in Southeast Asia, or that Japan will move in to protect its SLOCs. While ASEAN's own capabilities are being developed, only the United States is able to provide acceptable maritime security for all.[22]

In this time of transition, the low profile Five-Power Defence Arrangements (FPDA) — linking Malaysia and Singapore to Australia, New Zealand, and Great Britain — are also being revitalized. Viewed as acceptable even within ZOPFAN since Australia and New Zealand can be considered regional actors and the United Kingdom does not maintain a military presence, FPDA joint air and maritime exercises demonstrate the military potential of its members and provide opportunities for Malaysia and Singapore to exercise together. Australian ships deploy regularly from Singapore and Malaysia; the RAAF's F-18 and F-111 aircraft have flown from Tindal in northern Australia to Singapore in four hours to participate in FPDA exercises. The pact's deterrent value is enhanced through Australia's link with the United States via the ANZUS treaty.

Innovative arms purchase arrangements will help stretch defence budgets in the new decade. The Malaysian interest in acquiring Britain's Tornado attack aircraft was based on both its proven ability to operate in a maritime environment, with the Spratlys dispute in mind, and because the British Government in co-operation with British Aerospace had agreed to work out an arms-for-commodities countertrade.[23] Malaysia is also interested in acquiring submarines from the United Kingdom in the same manner.

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U.S. officials, too, are searching for alternative ways to contribute to regional stability as the central Soviet threat wanes. Exercises with the armed forces of the ASEAN states constitute one such approach, as does U.S. participation in regional air and sea monitoring arrangements and identification zones.[24] The possibility of increased ASEAN use of the Philippine bases could extend their operation and defuse the issue in nationalist Philippine politics.[25] However, the bases dispute may have already gone too far. Besides, Filipinos openly admit to a lack of concern about SLOC protection or regional stability which they perceive as irrelevant to their own domestic political and economic problems. The bases are of interest only insofar as they can generate sources for jobs and economic recovery. Those who seek their renewal also point to an American presence as a means of reassuring foreign investors with respect to future Philippine stability.[26]

Although time is needed to work out a smooth transition from the current situation in which the bases contribute 5 per cent to the Philippines' GNP, the prospect of only a five- to ten-year renewal could actually lead to a U.S. decision to leave the bases as soon as possible. Philippine political instability combined with increasingly acrimonious negotiations over the use of the bases as well as limited U.S. appropriations for Pacific defence could lead to an American decision to phase out Philippine deployments and transfer air and naval assets to more politically secure facilities on mid-Pacific U.S. territory, and possibly even Australia. Secretary Cheney eliminated US$224 million in military construction funds for Clark and Subic from the 1990 defence budget and the Pentagon has commissioned detailed studies on the costs of alternative sites.[27] An American departure from the Philippines in this decade seems probable.

A major reason that such a departure seems less disruptive to ASEAN than it would have been even five years ago is that Indochina is no longer perceived as an imminent threat to Thailand. The September 1989 withdrawal of Vietnamese troops from Cambodia, in addition to Hanoi's appeal for foreign investment, and Thai Prime Minister Chatichai Choonhavan's emphasis on commercial relations with Thailand's eastern neighbours, have all created a more relaxed attitude towards Vietnam. Changes sweeping Eastern Europe and the Soviet Union make it difficult for Hanoi to muster any further external support to maintain its hegemonic position in Indochina, or threaten its ASEAN neighbours. The late 1989 Soviet drawdown of air power from Cam Ranh Bay reinforces the ASEAN belief that Vietnam's expansionist policy of a decade ago has failed. In its place are appeals from the Hanoi leadership to the West, Japan, and ASEAN for trade and investment to raise abysmally depressed living standards and help launch the country on the road to industrialization. Thai Foreign

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Minister Siddhi Savetsila forsees a new relationship through which ASEAN enterprises process and market Indochinese goods for the world market.[28]

Even if plans such as Siddhi's seem overly optimistic, they attest to a general ASEAN conclusion that the Cambodian conflict "has ceased to be a major determinant of the future of the region".[29] A modernizing Vietnam will see little benefit in remaining part of a bankrupt COMECON (Council for Mutual Economic Asistance). Yet Indochina's belated turn to the West for reconstruction occurs at a time when much Western investment will be attracted to Eastern Europe. This could well leave the three states with only Japan as a major possible outside investor. However, Indochina's potential as an economic competitor to ASEAN is severely limited. Its total GNP is only 13 per cent of ASEAN's and it has virtually no ability to compete on the world market.

If Vietnam is no longer seen as an imminent threat to ASEAN and the Soviets are reducing their Southeast Asian deployments, what security concerns does ASEAN foresee in the future? Only two are regularly discussed in regional gatherings; and neither presents a current threat. The first is Japan. Should U.S. forces leave Southeast Asia completely, some ASEAN analysts fear that Japan will decide to extend its air and naval presence all the way to the Indian Ocean to protect its trade routes. This concern seems unwarranted on at least two grounds: 1) it is improbable that the U.S. Seventh Fleet will withdraw from the western Pacific even if the Philippine bases are closed as alternative base facilities are available, though less convenient and more costly; and 2) Japan's air and naval configuration is essentially designed for ASW requirements relatively near the home islands. The Self Defence Forces do not have the capability for lengthy sea patrol and could not acquire it for several years.

ASEAN's other concern is China. Apprehension over Beijing's future plans for the Spratlys as well as the PRC's alleged desire to reassert hegemony, once it has modernized, over Southeast Asia is probably the strongest single reason for ASEAN's hope that U.S. forces will remain along the western Pacific. ASEAN analysts point out that China is the only external power currently dissatisfied with the territorial status quo in Southeast Asia.[30] Moreover, Indonesia and Malaysia were never convinced by the American argument of the 1980s that U.S. support for China's modernization would serve the cause of peace. Instead, they believe that the settlement of the Sino-Soviet dispute and U.S.-assisted PRC military modernization allow China a freer hand in the region. They point to the Chinese action against Vietnam in 1979 and the March 1988 clash in the Spratlys, neither of which elicited superpower reactions, as reasons for future ASEAN concern.[31] China's claims to much of the South China Sea and Beijing's growing naval capability underscore this alarm. Some analysts argue

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that with U.S. assistance, China's navy has steadily developed a power projection of both submarine and surface combatants equipped with naval infantry and long-range bombers. By the mid-1990s, they estimate that the PRC will have the ability to seize the Spratlys.[32] China, then, is seen as a potential source of regional conflict rather than the reverse.

Vietnam's Position in Southeast Asia

Vietnam's politico-economic integration into ASEAN's vision of a peaceful Southeast Asia may have begun as early as January 1988 when Thailand — the front-line state — began to encourage private sector trade with Indochina in view of Bangkok's need for timber, coal, and precious metals. Thailand's 1989 initiatives towards Indochina, encompassing both commercial transactions with Vietnam and Laos and political meetings with the Hun Sen regime of Cambodia, symbolized Prime Minister Chatichai's belief that ASEAN's coalition strategy against Vietnam's occupation of Cambodia had succeeded. Therefore, a new phase in the Thai-Indochina relationship should begin.[33] By October 1989, Vietnamese forces were supposed to have left Cambodia and the Thai Government believed that Indochina could be linked to ASEAN peacefully through a new web of economic interdependence. In effect, Thailand was replacing Indonesia by claiming that Bangkok would now serve as the primary conduit for commercial transactions with Vietnam and that Thailand's relative economic advantage could serve to manage ASEAN relations with Vietnam.[34]

ASEAN reaction to the Thai gambit has been mixed. On the one hand, there is general agreement that, whatever the fate of the Cambodian question, Vietnam's attempt to establish hegemony over Indochina by *force majeure* has failed. So, the original ASEAN strategy of political resistance has been vindicated. On the other hand, Indonesia and Malaysia are concerned about Thailand's decision to maintain a security relationship with China as an ultimate guarantee against renewed Vietnamese encroachments into Cambodia. This has been underlined by the sale of Chinese arms to Thailand and the creation of a PRC-supplied stockpile paralleling the American arms stockpile. For China, the Thai relationship fits Beijing's traditional security policy of keeping Southeast Asian border states divided against each other.[35]

These Thai manoeuvres also reveal a certain scepticism towards a future American security role on the mainland. Projecting an American withdrawal from the Philippine bases by the end of the century and seeing the decline in U.S. security assistance to Thailand by almost 50 per cent between 1988 and 1989, Bangkok has concluded that Washington, in

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keeping with the Nixon Doctrine, will eschew involvement in any future conflict on mainland Southeast Asia.

The Vietnamese leadership itself openly acknowledges severe economic problems directly related to its Cambodian adventure. In recent years, Hanoi has grappled with inflation running from 300 to 700 per cent and debt repayment obligations of approximately US$7 billion. Unemployment has been calculated at 30 per cent, and the demobilization of 70,000 PAVN (People's Army of Vietnam) forces from Cambodia in the short run will only add to these woes.[36] Moreover, the Cambodian war from mid-1977 to December 1988 has cost Vietnam 55,000 dead and 60,000 wounded, with thousands more afflicted with malaria.[37]

Indicative of its willingness to get along with its neighbours in the new decade, Vietnam has adopted a more accommodating policy towards China. It has made some reduction in its military activities and opened up local trade along the common border. Other gestures include the virtual elimination of anti-PRC propaganda and, most important of all, the 1989 withdrawal of its forces from Cambodia. The sticking point is, however, Hanoi's refusal to support any settlement in Cambodia that would either provide a legitimate role for the Khmer Rouge or subordinate the Hun Sen regime to the non-communist coalition. While Vietnam is prepared to accept a formally neutral Cambodia, especially if that neutrality comprises an initial step towards regional non-alignment, Hanoi still hopes to sustain a Phnom Penh government congenial to its security needs.[38]

Of necessity, Vietnam must turn to the West for economic assistance in the 1990s. The Soviets have openly stated that little new aid will be forthcoming from Moscow, given domestic priorities. COMECON, too, has entered the twilight of its existence; so, significant Eastern European support for Hanoi is equally improbable.[39] And the price for Western assistance is the sort of Cambodian settlement that Vietnam has resisted so far.

Cambodia's Future: Does It Make a Difference?

With each successive international gathering on Cambodia's future, new hope arises within the international community that the last vestige of Vietnam War politics will finally be concluded. Each successive failure brings with it another wave of pessimism that the fifteen-year battle for control of that war-torn country may never end. By 1990, the protagonists had turned to the United Nations as an institution sufficiently well funded and unbiased that a temporary trusteeship could be formed to administer free elections to determine Cambodia's future political direction. However, the United Nations gambit, too, seemed destined to

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fail. The Soviet–Vietnam–Hun Sen side refused to permit the United Nations to gather and deploy a peacekeeping force of several thousand, while the resistance coalition remained equally adamant that the Phnom Penh administration be completely dissolved. In effect, each side believed the other was bent on its total destruction rather than the creation of a genuine coalition through the electoral process.

Neither the Phnom Penh regime nor the resistance has proposed feasible plans. A U.N. force of perhaps 15,000 separating four warring armies and simultaneously administering a country composed of thousands of villages would be unprecedented even under conditions of co-operation from the protagonists. Equally, the dismantling of Phnom Penh's administration prior to the creation of a replacement would be a formula for political and economic chaos. The U.S. Security Council estimates the cost of such an operation to be up to US$5 billion. (The U.N. Namibia operation deployed 7,700 people at a cost of US$416 million over twelve months.)[40]

The key issue for any settlement lies in what each of the major actors wants from a future Indochina and whether these desires are compatible. The multiplicity of players complicates the analysis. If a United Nations-imposed solution seems impractical, are there other options?

The immovable obstacle is, of course, the Khmer Rouge, who are unacceptable to the international community, the Hun Sen regime and its Soviet and Vietnamese backers, and presumably to the vast majority of Cambodians as well. Can China's political interests in Cambodia's future be served if the Khmer Rouge are excluded from a settlement? Only if the remaining Cambodian actors appear able to resist Vietnamese domination. The PRC's primary security interest in Indochina is that, as a region bordering China, it should not be controlled by an independent-minded adversary. Support for the Khmer Rouge has been China's guarantee that Vietnam will not dominate Cambodia as it has Laos. In the final analysis, Beijing believes that the non-communist resistance alone will accommodate Hun Sen, thus permitting a Vietnamese protectorate to continue.

This negative assessment will change only if China's view of Vietnam's intentions towards both Cambodia and the PRC changes. Hanoi must demonstrate that it no longer relies on the Soviet Union for security, and that its forces are truly out of Cambodia, as well as acknowledge China's claim to a voice in Cambodia's future orientation. Until these conditions are met, China will continue to back the Khmer Rouge and ensure that its military aid to the non-communist resistance is sufficiently meagre that it must continue to work with the Khmer Rouge against the Phnom Penh regime.[41]

Nevertheless, there are some hopeful signs. Military tensions on the China-Vietnam border have been reduced for some time and cross-border

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trade has grown. Vietnam is clearly moving away from total dependence on the USSR economically, although the PAVN still seems completely reliant on Soviet military largesse. While Hanoi appears willing to permit a United Nations verification that Vietnamese forces are no longer in Cambodia, accepting Chinese influence in a successor Khmer government is another matter. Both Hanoi and Phnom Penh believe that the disestablishment of the State of Cambodia will spell the end of Vietnamese influence and open the way for a return of the Khmer Rouge to power.[42] The Hun Sen government fears that any U.N. assumption of administrative responsibilities connected to a formal sharing of authority with the Khmer Rouge will reverse the achievements of the past decade.

Despite a great deal of diplomatic activity both inside the United Nations and through other international gatherings in Paris and Jakarta, the prospect for protracted low-level, indecisive conflict continues. Hun Sen's forces have not fought well, lacking both experience and organization, though they possess superior firepower. The resistance, for its part, has been unable to seize any major population centre in the west from which it could establish a counter-government. Diplomatic innovation has not led to political change.

The long-term stalemate in Cambodia has caused the rest of Southeast Asia to look beyond the conflict in planning a future regional order. Since Bangkok no longer views Cambodia as a location from which Vietnam can easily destabilize the Thai border, ASEAN can develop new plans for Southeast Asia even in the absence of a formal Cambodian settlement. Because the war has become confined to Cambodia, its *regional* salience has diminished. Prime Minister Chatichai took the lead in this post-Cambodia policy by authorizing new commercial opportunities for Thai businessmen in Laos and Vietnam.

The Soviet Union prefers an outcome in which Cambodia remains both independent and socialist, thus preserving "face" for both Vietnam and China. Therefore, a coalition regime in which the resistance and Hun Sen share power is backed in Moscow, though the long-term viability of this arrangement is not addressed.[43]

Insofar as Hanoi looks beyond the Cambodian stalemate, it forsees the next stage as linking Cambodia to a broader regional neutrality. Vietnamese Foreign Minister Nguyen Co Thach has adopted ASEAN's ZOPFAN concept, a view Hanoi had previously either rejected or ignored.[44] Regional neutralization would presumably pave the way for an international aid and investment programme for Indochina's reconstruction and open the coffers of the United States, Japan, and the EEC. Neutralization would also permit Hanoi to reduce its 1.2 million strong armed forces and redirect its activities to rebuilding the country's battered roads, bridges,

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railways, and ports — a precondition for successful development. The military's engineering skills and labour power make it the natural centre for infrastructure renewal.

These peaceful and productive developments may be marred, however, by a dispute seemingly as intractable as Cambodia — the Spratly islands. Scattered over the South China Sea, this collection of 230 islets and atolls covers 100 nautical miles from east to west and 500 nautical miles from north to south. They are located astride the major ocean routes between the Indian Ocean and the Sea of Japan and over sea-beds potentially rich in energy and mineral deposits. Malaysia has stationed troops on three atolls, the Philippines on eight, while Vietnam has reportedly occupied twenty-one. Taiwan maintains a garrison on the largest piece of territory, Taiping island. Since its March 1988 naval clash with Vietnam, the PRC has established observation posts on seven islets.[45]

The PRC proposed negotiations over the Spratlys' future once it had established a presence. Interestingly, Beijing has also called for joint exploration and exploitation while postponing the question of sovereignty. (This proposal parallels the arrangement with Japan over the disputed Senkaku islands.) Nevertheless, the PRC has also warned the ASEAN states not to work out separate understandings with Vietnam over the Spratlys. Only China's full involvement in negotiations will ensure a peaceful settlement.[46]

Conclusion: Whither the Superpowers?

Unlike Europe, there is little evidence to conclude that Soviet-American rivalry has eroded in Asia. Nevertheless, the stakes in Southeast Asia have diminished. With the drawdown of its forces from Cam Ranh Bay and the probable reduction of assistance to both Vietnam and Cambodia in the 1990s, the Soviet Union may no longer be a major player in regional security. Though less strapped financially and more welcome politically, the United States, too, is beginning to reduce its military presence in the region. The rivalry, however, continues.

Under the guise of supporting regional neutralization preferences, the Soviet Union has endorsed ZOPFAN and signed the Treaty of Rarotonga protocol declaring the South Pacific a nuclear-weapons-free area. The purpose of this diplomacy is to accelerate an American military exit from Southeast Asia, following the withdrawal of Soviet forces.

The other (and new) element of Soviet diplomacy towards Southeast Asia has been a concerted effort to link Soviet domestic *perestroika* with ASEAN's economic dynamism. USSR Premier Nikolai Rhyzhkov's February 1990 visit to Singapore, Thailand, and Australia sought to involve

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the Soviet Union in the regional economy through proposals for joint ventures in the Soviet Far East.[47] Yet, Moscow's anaemic economic performance limits the very opportunities Soviet officials have proffered. The continuing weakness of the Soviet market, lack of rouble convertibility, bureaucratic red tape, infrastructure underdevelopment, and problems of quality control reduce the incentives for foreign investment. *Perestroika* as an incentive to foreign investors must first demonstrate an ability to revitalize domestic economic and social practices.

Political linkages between Southeast Asian states and the superpowers are unlikely to change precipitously. Vietnam will still need the Soviet Union as a counter-weight to China, particularly as long as the Cambodian conflict continues and there is no resolution over the future ownership of the Spratlys. Nevertheless, improved Sino-Soviet relations render Soviet backing for Vietnam more conditional.[48]

For the United States, the need for a sustained military presence in the Asia-Pacific rests on several considerations. Unlike Europe, the nations of the Pacific have never agreed on a common enemy. The Japanese fear the USSR; South Korea's focus is its northern counterpart; the Vietnamese distrust China; Taiwan fears mainland China; for Thailand and Cambodia, the enemy is Vietnam; while Indonesia sees Vietnam as an important buffer against Beijing. In these circumstances, the United States has an important role to play as a generally acceptable force for stability.

While the American presence remains welcome, its location may well become more decentralized in Southeast Asia during the 1990s. America's future presence in the Philippine bases is fraught with peril. Rather than risking expulsion by Filipino nationalists and/or being drawn into a social revolution, Washington could choose a gradual relocation of the bases to other Pacific areas in exchange for a complete Soviet withdrawal from Cam Ranh Bay. A somewhat reduced American forward-deployed presence need not undermine regional security in an environment in which Soviet-American and Sino-Soviet tensions are low and China and Vietnam agree to a *modus vivendi*.

If the great powers adopt a relatively low profile in Southeast Asia, then security issues become the primary responsibility of the regional states themselves. The ASEAN states, Vietnam, and China, for example, would have to negotiate the Spratly islands' future without threatening to play a Soviet and American "card". On the other hand, a Soviet and American hands-off posture will strengthen the clout of those littoral states with the strongest navies and air forces and could fuel a regional-mini arms race. The ASEAN states are currently raising the technological levels of their armed forces with regional security goals in mind. As Weatherbee has suggested, a drawdown of American and Soviet forces

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combined with the prospect of Sino-Vietnamese hostilities over the Spratlys and the possibility of a Japanese naval deployment to the South China Sea raises ASEAN's anxiety level. These developments can only be forestalled if the Americans are persuaded to remain in the region and the ASEAN states themselves co-ordinate their growing maritime and air surveillance and control capabilities.[49]

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China's Strategic View of Southeast Asia: A Region in Transition

ROBERT S. ROSS*

As China evaluates its strategic situation in Southeast Asia, it perceives the region in transition. China welcomes the decline of the cold war and of Soviet power in the region, and its policy towards Indochina and other countries reflects this change. The decline of the old order is the source of the contemporary near universal focus on economic development. China shares with the rest of the world a recognition that technological development is an increasingly important aspect of national power. Thus, Beijing's Southeast Asia policy reflects its need to stabilize regional détente so that it can focus its efforts inward. But although China welcomes regional détente, it is uncertain about the longer-term future of Asia. The ambiguity surrounding great power relations, in particular the rise of Japanese power, suggests to Beijing the need to prepare for greater regional instability. This introduces caution in Chinese diplomacy throughout the region and in its military policy.

Introduction

As China examines its strategic circumstances in Southeast Asia, it perceives the region in the process of a three-stage strategic transition. First, it recognizes and welcomes the collapse of Soviet hegemonism, but it nonetheless remains dissatisfied with lingering Soviet-Vietnamese cooperation. Secondly, it sees the ensuing ten to fifteen years as a period of relaxed international relations, but one of heightened economic competition among the powers. Chinese leaders believe that this emerging

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phase of inward-looking approaches to national security will, however, be superseded by a new era characterized by growing regional tension involving existing as well as new powers. This perception of a region in transition informs Chinese policy towards contemporary issues in Southeast Asia.

The East-West cold war appears to be ending and Soviet regional power is in sharp decline. China is cognizant of these changes and it has adjusted its Southeast Asia policy accordingly. Moreover, insofar as the Sino-Soviet dispute is on the wane, Beijing has been presented with an ideal opportunity to wind down its own involvement in regional conflicts and to focus on less immediate policy objectives.

China's Southeast Asia policy is, however, not simply a function of the decline of the post-war order and the relaxation of regional polarization but, rather, a deliberate attempt by Beijing to extract maximum advantage from the changing regional circumstances so as to better compete in the emerging era. Specifically, China shares with the rest of the world an understanding of the growing importance of economic strength and technological capabilities as the foundation of national political power and the growing importance of economic factors in international strategic competition. In particular, it focuses on Japanese economic strength as the central challenge to China's regional role. Thus, Beijing has shaped its regional policy both to support the trend of regional *détente* and to avoid creating tension which would undermine its efforts to develop its own economy.

But just as Japan is regarded as the central challenge to China's economic development, Chinese leaders also fear that Japan may well pose a strategic challenge to China. Influenced by an historical experience of Japanese expansionism and an inadequate understanding of Japanese politics and society, Chinese leaders are apprehensive that Japanese economic power will combine with re-emergent "militarism" to threaten the entire region. Thus, as Beijing winds down the Sino-Soviet conflict, it does not only seek to stabilize the region in order to be able to focus its resources on economic development. China, in fact, is eager to maintain an influential regional political role so as to prepare itself for an era of enhanced political and, perhaps, military competition.

The continuity in Chinese policy has remained unchanged throughout the recent turbulence in domestic politics. Although China's relations with the United States and the advanced market economies may have suffered in the aftermath of the Tiananmen incident, Beijing's regional policy objectives have not changed. Moreover, its ability to achieve its immediate objectives has also been unaffected, inasmuch as the Southeast Asian nations have been less inclined than other outside powers to allow

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the Tiananmen incident to disrupt their relations with China. Nevertheless, should the region experience unsettling times as a result of changing relations among the powers, a besieged and conservative Chinese leadership may not be conducive to the management of regional tension by the Southeast Asian states themselves.

Understanding China's strategic conception of Asia and the interplay of its domestic situation and its regional policy is the first step towards recognizing the complexity of Southeast Asia's future. It is also the prerequisite to making the complex more manageable.

The Decline of the Soviet Threat to the Old Regional Order

Chinese analysts repeatedly emphasize that despite the emergence of superpower *détente* and the growing importance of the new economic powers, the world today remains bipolar. The Soviet Union and the United States tower above the rest of the world and they continue to have the greatest impact on the security of other nations. The world's most pressing global and regional security problems involve at least one of the superpowers as a major protagonist.[1]

The persistence of superpower dominance continues to influence China's view of its immediate strategic position in Southeast Asia. Despite the decline of Soviet power and the emergence of multipolarity, Beijing remains concerned with Soviet strength on China's borders and in Southeast Asia and with the resolution of regional problems linked to the Sino-Soviet conflict. Soviet superiority over China in border forces and in naval deployments continues to challenge Chinese security. Similarly, in Indochina Moscow continues to exercise considerable influence which it may yet use to China's detriment. The Soviet Union may be a power in relative decline, but Beijing will not be satisfied until the reality of developing Soviet weakness is matched by greater Soviet strategic retrenchment on China's borders. Chinese analysts continue to await further Soviet "action" and not just preliminary steps and mere expressions of intent.

Ongoing Soviet power on the Chinese periphery demands that China's Asia policy continues to reflect an effort to oppose the remnants of Soviet "hegemonism". Thus, Beijing's U.S. policy is firmly based on the imperative of managing U.S.-China relations in order to offset Soviet power on China's borders. Although the Soviet threat has receded, Beijing still needs the United States to help it balance Soviet power in Asia.

Beijing's Indochina policy is similarly concerned with the threat of Soviet influence on China's periphery. Moscow has not yet given up its strategic presence in Vietnam, particularly its naval access to Cam Ranh Bay. Not only does it want to have a major say in Vietnamese foreign

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policy but, in the post-Cambodia era, Moscow will continue to be Hanoi's largest source of economic and military assistance.

China cannot be fully satisfied with this scenario and, thus, Sino-Soviet competition in Indochina will persist for the next few years while China will try various methods of coercing Hanoi to accommodate itself to Chinese interests. Beijing will maintain large numbers of troops on the Sino-Vietnamese border, enabling it to manipulate border tension and impose severe costs on Hanoi should it fail to adequately conciliate Chinese interests. Similarly, while China might decide to terminate its military assistance to the Khmer Rouge, it is unlikely to completely abandon them, preferring to preserve the option of further intervention in Cambodia should that prove necessary. Thus, despite the existence of Soviet "new thinking" and superpower *détente*, there will exist residual Sino-Soviet competition which will have an impact on China's Indochina policy.

Nonetheless, there has been a fundamental and strategically significant change in China's evaluation of Soviet foreign policy which has had implications for its security policy. Recent changes in relations between the superpowers as well as the developments in Soviet domestic politics and economic and foreign policies have compelled Chinese leaders to reconsider China's own foreign policy objectives.

It was not so long ago that the Soviet Union was China's obsessive preoccupation in Southeast Asia. China's hostility towards Vietnam reflected Beijing's opposition to Hanoi serving as the "Cuba of the East". Vietnam is the Soviet Union's ally in Indochina and has, thus, contributed to the Soviet encirclement of China. Vietnamese expansionism in Cambodia undermined Chinese security *vis-à-vis* the Soviet Union and, therefore, Vietnam had to be "punished". China's policy towards the ASEAN states reflected a similar obsessive concern. China consistently warned the region of the evils of Soviet hegemonism and it encouraged the ASEAN states to reject Soviet overtures. Beijing actively contributed to the polarization of Southeast Asia into pro-Soviet and anti-Soviet blocs, seeking to undermine the Soviet presence in Southeast Asia.[2]

China's contemporary view of the Soviet presence in Asia is very different. While still demanding further Soviet retrenchment on China's periphery, there is today very little worry in Beijing over any immediate Soviet threat to Chinese security. There are many reasons for this, but they all originate from a recognition of Soviet strategic and economic weakness.

A basic source of enhanced Chinese security is the dynamics of the current superpower *détente*. China welcomes the efforts by Moscow and Washington to compete "through dialogue" rather than conflict. To the extent that there is reduced superpower tension, Soviet expansionism in Asia, as elsewhere, is less likely. More importantly, however, although

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Chinese analysts acknowledge that *détente* allows both the United States and the Soviet Union to turn from an extended period of armed tension to developing their economies, they also believe that the Soviet Union has sought *détente* from a position of relative weakness. Its economy is in shambles and the prospects for its recovery remain bleak. As one analyst explained, the Soviet Union has been engaged in a "life-or-death struggle" in one economic crisis after another.[3] Successful reform is imperative if Moscow is to maintain its global position. For Moscow, therefore, retrenchment does not merely reflect the dynamics of bilateral superpower *détente* but is a basic strategic necessity reflecting Soviet economic imperatives.

Sino-Soviet relations are a further cause for Chinese confidence. In the context of a collapsing economy, the massive upheavals in its republics, and the need to maintain a defensive posture *vis-à-vis* the United States, the Soviet Union cannot consider the possibility of war with China or even of expanding its pressure on the Chinese periphery. The result is reduced Chinese apprehension over Soviet intentions and reduced bilateral Sino-Soviet tension. Increased border trade, overall improved economic relations, fruitful negotiations to delimit the border, and Soviet force reductions in the Far East have all contributed to a diminished Chinese threat perception. Indeed, the Soviet Union has gone a long way towards meeting China's "three obstacles". It withdrew its forces from Afghanistan, began the reduction of its forces along the Sino-Soviet border, and distanced itself from Vietnam, in part contributing to Hanoi's decision to end its occupation of Cambodia.

Developments in Soviet-Vietnamese relations have been particularly significant in this process. Through a variety of devices Moscow has signalled that Hanoi must increasingly rely on its insufficient national resources to deal with Chinese power. Moscow failed to support Hanoi during the Sino-Vietnamese naval clashes in 1988 and reduced its economic assistance to Hanoi. Moreover, the improvement in Sino-Soviet relations has further undermined Vietnamese confidence *vis-à-vis* China. Indeed, the growing cordiality between Moscow and Beijing, Hanoi's primary threat, is almost reminiscent of the impact of U.S.-China *rapprochement* on Vietnamese security during the 1970s.

Gorbachev's visit to Beijing in May 1989 was the political culmination of the transformation of the Soviet threat to China. Prior to May, China had insisted that, until Moscow put sufficient pressure on Hanoi to end its occupation of Cambodia, the most important of the three obstacles to normalized relations, there would not be a Sino-Soviet summit. Once Beijing agreed to the summit, its officials and media ceased mentioning any of the three issues as "obstacles". Within the context of the limits to Sino-Soviet relations — including the proximity of two such powerful

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countries and the remnants of conflicts from the era of heightened tension – the three obstacles are no longer such significant impediments to improved relations. Instead, the Sino-Soviet joint communiqué expressed common support for the participation of all four Cambodian factions, including the Khmer Rouge, in national reconciliation.[4] Moreover, since the summit Moscow has begun to reduce its air and naval presence at Cam Ranh Bay.

The implications of improved Sino-Soviet relations for China's Southeast Asia policy are readily apparent. While seeking to further reduce a Soviet presence in its "backyard", China is no longer so apprehensive about the immediate security implications of the Soviet presence in Indochina and it has moved to improve relations with both Vietnam and Laos. Although Beijing continues to insist that significant numbers of Vietnamese troops remain in Cambodia and continues to oppose the Vietnamese-created Phnom Penh government, it has reduced military tension along the Sino-Vietnamese border. Not only has it allowed border trade to flourish but, since early 1989, it has on three occasions received visits by Vietnamese Foreign Ministry officials. Most recently, in May 1990, Vietnamese Deputy Foreign Minister Dinh Nho Liem met in Beijing with Chinese Foreign Minister Qian Qichen. China finally reciprocated in June 1990 when it sent Assistant Foreign Minister and Director of Asian Affairs Xu Dunxin to Hanoi. Although the talks failed to achieve a breakthrough, Xu was the first Chinese Foreign Ministry official to visit Vietnam since 1980. Moreover, in May a Vietnamese specialist from the Chinese Academy of Social Sciences visited Hanoi to participate in the 100th anniversary celebrations of the birth of Ho Chi Minh.[5] Regarding Laos, although Vietnamese troops remain in that country, in October 1989 Lao Party and Government leader Kaysone Phomvihane travelled to Beijing and met with Deng Xiaoping. It was the first Chinese-Lao summit since 1977. Since then, Chinese Minister of Foreign Economic Relations and Trade, Zheng Tuobin, has visited Laos and trade has expanded, including Chinese sales of civilian and military training aircraft to Laos.[6] And, most significantly, in 1989 "unofficial" Chinese delegations visited Phnom Penh, the first steps suggesting China's willingness to deal with the Vietnamese-created Hun Sen government in the post-war era.[7]

A similar change is apparent in PRC attitudes towards potential Soviet economic relations with the ASEAN countries. Whereas in the past China would fulminate over Soviet use of trade to establish a strategic presence in the region, today Chinese leaders recognize that the prospects for any meaningful economic ties between the Soviet Union and ASEAN are negligible. Moreover, in the context of general Soviet strategic and economic malaise, China has decided to expand trade with the Soviet Union; it expresses little apprehension over Soviet commercial activity in

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Asia. Rather, Beijing welcomes Soviet efforts to use economic diplomacy rather than rely only on military instruments of power, as it had done in earlier years.[8]

This trend in China's Soviet policy has continued through the leadership changes since 3 June 1989. Indeed, Beijing's concern that these changes might be interpreted as disruptive to the trend of Sino-Soviet *rapprochement* encouraged Li Peng to visit Moscow in May 1990. Although he failed to sign any breakthrough economic or security agreements, he did achieve his most important objective by conveying the impression that China would not allow its domestic instability to affect its Soviet policy.

Thus, just as China has re-evaluated the immediacy of the Soviet threat, it has also taken a new look at the Soviet presence in the region. In an era of superpower *détente* and declining Soviet power, the regional order of polarization is quickly subsiding and the old premise of Beijing's anti-Sovietism is rapidly becoming secondary to Chinese policy in Southeast Asia. This is the dominant aspect of contemporary Chinese views of the Soviet presence in Asia.

The Era of *Détente* and Economic Restructuring

As China responds to the remnants of bipolarity, it shares with the rest of the world the perception of international strategic transition. Chinese leaders see the world as moving from bipolarity towards multipolarity as new economic powers, taking advantage of post-war U.S. security commitments, have emerged. The economic growth and scientific advancements of Western Europe and the Asian NICs (newly industrializing countries) have challenged both the United States and the Soviet Union to address their respective economic deficiencies in order to compete effectively in the age of technology.

Chinese analysts argue that this economic and technological imperative has contributed to the superpower interest in *détente*. Partly in response to the economic development of these emerging powers, particularly the "remarkable growth of Japan", for the next decade or so, both the superpowers and the newly emerging powers must focus their resources on economic development, cognizant of the fact that "overall competition in aggregate national strength" has superceded reliance on military power. If the superpowers wish to remain dominant, then they will have to improve the economic structural foundations of their political and strategic power. An extended period of relaxation in international tension is the prerequisite to this process.[9]

Chinese analysts also argue that the next ten years of economic development are merely the economic phase in the longer transition to

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a multipolar strategic world. Whereas emphasis on economic and technological development promotes an easing of international tension and a respite from the hostilities of the cold war, the resulting global *détente* is not a permanent feature of international politics. Rather, it is being used by all the powers to prepare themselves for the re-emergence of new rivalries in the twenty-first century.

China is not an exception to this trend. Chinese leaders recognize that China must use the present period to modernize its economy and advance its technology so that it will have an effective voice in the emerging multipolar world. Foreign Minister Qian Qichen made this very point. He said that "Our country's economic strength and cultural and educational bases are still poor, the reform path is still very long, and we face a grim challenge. We should make an . . . appraisal of this situation and have a sense of urgency". Only through a determined national effort will it be "possible for our country to be in an impregnable position".[10]

Thus, China also confronts the imperative of *détente*. Accordingly, Beijing's regional policies aim to promote a peaceful Asian environment in which China can focus on domestic economic development. Indeed, Beijing must prolong the period of regional *détente*, as it is still technologically backward compared to its regional competitors. Moreover, China needs to establish the foundation for future regional co-operation against potential threats. Yet, despite the ASEAN states' concern for Japan's future role in the region, for the most part there is greater regional apprehension over China's potential threat to Southeast Asian security. In preparation for the future, China must act now to reduce regional anxiety over its power.

Once again, China's Indochina policy reflects this aspect of its strategic posture. Although China might like to push for total victory in Cambodia, and its reluctance to forsake the Khmer Rouge reflects this impulse, Beijing has made it clear that it will not be an impediment to an agreement should all the other regional and local actors be satisfied with a prospective peace package. Were Beijing to do otherwise, it would aggravate existing suspicions throughout Southeast Asia of China's regional ambitions. Chinese potential power already casts a shadow over Southeast Asia. If China remained obdurate over Cambodia, despite the preferences of the rest of the region, it would undermine its modernization programme by fostering resistance to Chinese influence in Southeast Asia and encourage the first steps towards a regional anti-China coalition. Similarly, any attempt to coerce Thailand to abandon its interest in seeking improved relations with Hanoi would further arouse the suspicions of the ASEAN states of China's regional ambitions.

Thus far, however, China has incurred little cost for its ongoing support for the Khmer Rouge. Not only is the budget outlay insignificant

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but the diplomatic repercussions remain negligible. Even in the aftermath of June 4 and increased Chinese isolation, no country has tried to increase its pressure on Beijing to compromise. Moreover, Beijing has separated its Vietnam policy from the Cambodia issue. As noted above, as the Soviet presence in Vietnam has diminished, China has improved its ties with Hanoi. But it has also maintained its Cambodia policy. Thus, not only does it continue to arm the Khmer Rouge but it has also expressed suspicion of Prince Sihanouk's June 1990 cease-fire agreement with Hun Sen.[12]

Nevertheless, the ongoing stalemate in Cambodia benefits Vietnam and its Phnom Penh ally. The withdrawal of Vietnamese troops from Cambodia removes the stigma from the Hun Sen government and lends it greater international legitimacy. Under such circumstances, the world community will increasingly expand its contacts with Phnom Penh, contributing to its economic development and domestic legitimacy.[13] And Prince Sihanouk will further distance himself from the Khmer Rouge. Thus, although the civil war may continue, China's position in Cambodia will progressively erode.

Under such circumstances, a face-saving political settlement which leaves the Khmer Rouge with a minimal role in a coalition government led by Prince Sihanouk and dominated by the Hun Sen leadership may be Beijing's best option. Although such an arrangement would be less than optimum, given minimal Vietnamese troops in Cambodia, China can count on Cambodia's traditional propensity to develop good relations with it to offset Vietnamese power. Moreover, China can expect that the diminished Soviet commitment to Vietnamese security and Vietnam's own need for improved external relations to recover from the succession of wars in Indochina will encourage Hanoi to show greater sensitivity to Beijing's interests. China has basically won the war in Indochina and can afford to make relatively insignificant compromises.

Beijing has also revealed an increasingly conciliatory attitude with regard to its controversial claim to sovereignty over the Spratly Islands in the South China Sea. China's claim to these islands just off the coasts of Malaysia, Brunei, and the Philippines cannot but exacerbate regional fears of Chinese intentions, and there is little expectation that Beijing will compromise on this claim. Nonetheless, China has suggested a willingness to explore multilateral co-operation with the other claimants in the exploitation of the ocean resources in the vicinity of the islands.[11] Should joint exploitation take place, China will not only gain stable access to the economic resources of the South China Sea but its sovereignty claim will also appear less threatening among the ASEAN states and mostly a matter of principle rather than policy.

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China's policy towards Indonesia also suggests its interest in economic modernization and stable relations with Southeast Asia. Indonesia can not only provide China with expanded trade relations but, considering its regional influence, it can also contribute to a more benign Chinese image in the region. To the extent that Indonesia improves its economic and political relations with China, this would send a strong signal to the rest of the region that China is not overly threatening and that it should not be excluded from regional affairs. Thus, Beijing has completely dismissed the lack of diplomatic relations with Jakarta, eschewing any hint of pressure tactics, and it has sought expanded trade and improved bilateral relations. In so doing, it has effectively given up any leverage it might otherwise have used, for Jakarta no longer has anything to gain from re-establishing diplomatic relations with Beijing.

Thus, Indonesia has been able to set the pace of normalization. Although the ostensible reason for its delay has been China's alleged involvement in the 1965 coup attempt and its propensity to manipulate the overseas Chinese in Southeast Asia, in fact Indonesia sees little practical benefit in normalization. While diplomatic relations with China might enhance Jakarta's claim to regional leadership, it would also simultaneously undermine that claim by contributing to better relations between China and the other ASEAN countries. This ambiguity has been reflected in Jakarta's ambivalence during the normalization process. Although the two sides have made progress and have resolved many of the practical obstacles to reopening relations, the slow process is a measure of the foreign policy priorities of the two sides. Moreover, it is important to underscore that, even after normalization, Sino-Indonesian relations will remain uneven as Jakarta will continue to view China's regional role with suspicion.

Beijing's regional overseas Chinese policy has also been shaped by the imperatives of regional *détente* and domestic modernization. Since the late 1970s China had stressed its policy of encouraging the overseas Chinese to adopt the nationality of their host countries and to abandon their Chinese citizenship, thereby trying to ameliorate regional concerns that China seeks to maximize its political influence among minority groups and to destabilize the ASEAN countries. The region, however, remains suspicious. As heterogenous societies, many of the regional governments possess an inherent fear of opportunistic external intervention seeking to take advantage of domestic ethnic strife, as was demonstrated by Beijing's adversarial posture during the 1950s and 1960s.

Moreover, Chinese economic policy towards the overseas Chinese aggravates regional suspicions and undermines China's efforts to project a positive image of itself in the region. Keenly aware that Southeast Asia's

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ethnic Chinese command an enormous repository of potential investment capital, Beijing has tried to persuade them to invest their funds in China rather than in their home countries. Thus, it has promulgated a number of regulations which allow ethnic Chinese special investment privileges in China. Essentially, Southeast Asia's ethnic Chinese are treated as Chinese brethren rather than as nationals of their home countries. Although this policy has attracted a significant amount of capital from the ethnic Chinese to Beijing's modernization programme, it also exacerbates suspicions in the region of China's subversive intentions.[14]

Towards the Twenty-First Century: China's Views of Japan

When Foreign Minister Qian spoke about the "grim challenge" faced by China and the sense of "urgency" in Chinese policy, he implicitly focused on the incipient Sino-Japanese competition in Southeast Asia and the prospects for its escalation. A dominant aspect of China's view of contemporary Japan is its extreme perception of the likelihood that "militarism" will play a significant role in Japanese politics and of the prospect that the expansionist instinct will once again dominate Japanese foreign policy-making.[15] This perspective on future Sino-Japanese strategic relations establishes the context of Beijing's evaluation of Tokyo's intentions in Southeast Asia.

Although all of the regional and local powers in Asia are concerned about increasing Japanese military expenditures, for the most part they recognize that mainstream Japanese politics and society have yet to exhibit a trend reminiscent of the militaristic nationalism associated with pre-World War II Japanese expansion. Most Southeast Asian élites probably do not exclude the possibility that Japan will use expanded military power to undermine the regional order; but, they recognize that, thus far, the trend in Tokyo suggests that increased Japanese military power will be used in co-operation with the United States to maintain the existing Southeast Asian political order. Military power can be either conservative or disruptive and the current tendency among most of Southeast Asia's local and regional powers is to cautiously view increased Japanese military power as an instrument of a conservative foreign policy.

The major exception to Southeast Asia's guardedly sanguine view of Japan's future is China.[16] On the one hand, during the period of relaxed international tension and near universal focus on development, the imperative of modernization compels Chinese leaders to recognize the importance of Japan's contribution to China's economic modernization. No other country has Japan's combination of ability and interest in developing the China market, and Japanese participation in its modernization is

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crucial to Chinese plans to be among the great powers in the next century. This perspective is reflected in China's post-Tiananmen treatment of Japan. Chinese leaders have treated visiting Japanese dignitaries to unusually warm receptions, strongly signalling their interest in a stable relationship despite the summer's incidents and the re-emergence of conservative leaders.

Nevertheless, Beijing's interest in promoting Sino-Japanese economic co-operation is accompanied by Chinese apprehension of Japan's alleged "great power" ambitions in Asia. Of particular concern to Chinese leaders is the trend in Japanese military spending. One senior Chinese analyst pointed out that, "contrary to the tides of world-wide disarmament talks, the Japanese authorities are increasing military strength and spare no efforts to develop a high-tech national defence". A *Xinhua* analyst observed that "the obstacles blocking Japan's military expansion have been ... removed ...". Concern over Japan's potential to "repeat history" "cannot help but heighten our vigilance" and lead us to "launch struggles against it if necessary".[17] Another analyst, drawing attention to Japan's 1989 defence budget, insisted that Japanese defence officials fabricate threats to Japan to increase defence expenditures and expand Japanese military power. The commentary concluded that Japan had already reached the "criterion of a military power".[18] Similarly, China's army newspaper analysed Japan's 1990 defence budget and declared that the Japanese Defense Agency's decision to exceed 4,000 billion yen for the first time in the post-war era was "the inevitable outcome of Japan's energetic expansion and it ... shows that Japan is not willing to slow down its expansion". The commentary warned that "the fact that Japan is making great efforts in arms expansion can only cause serious concern and thought of the people".[19]

China's concern for potential Japanese militarism is reflected in its incessant attack on every Japanese foreign policy and domestic development which has the slightest suggestion of belligerence as indicative of resurgent militarism. Beijing insists on reminding the region to be on its guard against Japan's allegedly expansionist regional ambitions. Thus, hardly a year can go by without China making an issue of Japanese history textbook revisions, despite the fact that the affected texts are only a few among the many produced for use in Japanese schools and that they are very infrequently used. Similarly, China makes an issue of the infrequent statements by Japanese politicians questioning Japanese war guilt.[20] Beijing's persistent attention to these relatively minor developments in Japanese politics reflects its concern for Japanese militarism, its belief that a watchful eye on Japanese militaristic inclinations can reduce the likelihood that militarism will occur, and its interest in keeping

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the region alert to Japanese ambitions so as to thwart Japan's alleged expansionist objectives.

There is, thus, an ambivalence in China's Japan policy reflecting the contradictions between short-term policy requirements of economic co-operation and long-term security considerations demanding strategic responses. This ambivalence is seen in China's defence policy. On the one hand, defence spending is a low priority in the Chinese budget. The recent relaxation of Sino-Soviet tension allows Chinese leaders to focus scarce resources on modernization and to keep defence spending at a minimum. On the other hand, within the context of a reduced defence budget, China has been developing its naval capabilities. Watchful of increased Japanese defence spending and concerned about the prospect of Japanese militarism in Asia, Beijing has been assembling the power-projection arm of its armed forces by developing a blue-water navy and highly mobile marine forces. Most recently, the navy has been modernizing its missile attack capability and is improving its navigational capabilities. Its objective is to "raise the attack and defence capabilities of its naval forces up to world level".[21] Similarly, China is developing its military air-transport capabilities. The recent troop movement into Tibet was the first use of airplanes for military transport in PRC history, and Chinese leaders were pleased with the results. Although the primary focus of military air-transport remains China's outlying areas, force mobility is the *sine qua non* of power projection.[22]

China's increasing naval capability will not only provide for coastal defence, which will remain the navy's primary role, but it will also enable it to defend Beijing's position in the Paracel and Spratly islands. Although China is adopting a conciliatory attitude towards the contemporary economic issues involving these islands, it maintains a strategic interest in defending the islands it now occupies and in guaranteeing future Chinese naval and commercial shipping access through the waters surrounding the islands. Indeed, China has been expanding its activities on the islands, suggesting a strong interest in developing enhanced military usage.[23] And, as its naval presence in the South China Sea develops, Beijing will presumably use its improved power-projection capability as a political instrument, thus trying to offset Japan's increasing regional presence.

Beijing's attention towards Japan in its future security considerations can also be seen in China's current policy towards Indochina. Although Chinese leaders, in the interest of modernization and regional stability, have reconciled themselves to accepting a regional and local consensus for a Cambodian settlement which may fail both to oust completely the Phnom Penh leadership and guarantee full Vietnamese withdrawal, Beijing would like more. Its attachment to the Khmer Rouge, its distrust of

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the peace process, and its ambivalence towards the emerging settlement suggests it would prefer prolonged war and total victory in Cambodia.

China's motives for this policy are undoubtedly varied. As noted above, residual Sino-Soviet conflict is a strong motive for Chinese dissatisfaction with less than total victory in Indochina. Another factor is the long history of Sino-Vietnamese contention and the resulting mutual deep-seated hostility. Traditional mistrust has surely fuelled Chinese bitterness at Hanoi's challenge to Chinese authority in the 1970s and it has contributed to Beijing's desire for a prolonged but inexpensive war in order to exact revenge on Hanoi. Prolonged war also allows Beijing to hold out for a better deal at relatively little cost. At the last minute, as the other actors converge on a compromise, Beijing can accept a peace settlement. Until then, it can try to use the war to pressure Vietnam into making additional compromises.

While all these factors contribute to the PRC's interest in prolonging the war in Cambodia, it is also important to recognize the immediate significance of long-term strategic objectives in Chinese thinking. China seeks in Vietnam that which all great powers tend to seek in their strategic backyard — a secure and reliable buffer free from significant outside influence. Concerning Indochina, this means that China must sufficiently dominate Vietnam and Cambodia in order to ensure that they do not serve the interests of its adversaries. The post-1949 period attests to Indochina's propensity to serve the strategic interests of China's enemies — the United States and then the Soviet Union — and Beijing's determination to use force to rid the area of external dominance. This strategic explanation alone suffices to explain China's interest in total victory in Indochina.

Nonetheless, if the decline of Soviet power and its withdrawal from Indochina were expected to create a vacuum which China would naturally occupy, Beijing's objectives might be less demanding. But, as followed the United States withdrawal from Indochina, there is the possibility that there will be competition to fill the vacuum left by the retrenchment of Soviet power. As Chinese leaders try to foresee the next stage in the international politics of Indochina, they believe that a dominant Chinese voice in that region will be necessary to offset, at a minimum, Japanese expanded influence elsewhere in Southeast Asia. Moreover, they believe that there is a distinct possibility that Japan seeks to establish an economic foothold in Vietnam in order to better compete with China in the coming decades.

There is no question that Japanese traders and investors have expressed keen interest in developing the Vietnamese market. Japanese businesses and banks appear to be chafing at the ongoing restrictions on Japanese-Vietnamese trade relations. Given Chinese and Soviet economic

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and technological limitations and relative U.S. disinterest in Indochina, over the long term Tokyo may well come to dominate Vietnam's foreign economic relations. If that were to happen Hanoi may well find an alternative to accommodating Chinese interests.

Chinese analysts are apprehensive that, insofar as economic influence often precedes political influence and even military influence, the extension of Japanese economic influence into Vietnam will undermine China's security. One Chinese analyst, observing the recent increase in Japanese trade with Vietnam, reported that in Japan this trend is interpreted as an effort to prepare for Tokyo's "future influence in the region". Other Chinese analysts have interpreted Japan's anxious interest in developing trade with Hanoi as part of Tokyo's strategy to "contain" Chinese influence in Southeast Asia.[24] Thus, while most of the world sees the resolution of the Cambodian conflict and the prospects for diminished tension in the context of declining Soviet power and Soviet military retrenchment, China views post-war Indochina from the standpoint of the emergence of a new Asian strategic order with the prospect of a strategically powerful Japan. Its reluctance to accept less than total victory in Cambodia in part reflects these considerations.

China's strategic conception of the future of Southeast Asia also includes a dominant Chinese voice in Bangkok. In the aftermath of the U.S. withdrawal from Vietnam, Thailand was obliged to improve relations with China. When Vietnam occupied Cambodia in 1979, China emerged as the most credible guarantor of Thai security, further increasing its influence in Bangkok. There soon developed a Thai-Chinese military relationship as the two countries' military élites conducted frequent exchanges and as Beijing became a source of inexpensive military equipment for the Thai military. Chinese influence has reached the point where, in the aftermath of the Tiananmen incident, Beijing cautioned Bangkok against imposing sanctions, reminding it that China was Bangkok's largest purchaser of rice.[25] Then, in August, the head of the Royal Thai Armed Forces received Chief of the People's Liberation Army (PLA) General Staff, Chi Haotian, thus overlooking the role of the Chinese military in the Tiananmen incident. Finally, in October, Thai Prime Minister General Chatichai Choonhavan visited Beijing, breaking ranks with the near universal sanction against summit meetings with the post-Tiananmen Chinese leadership. Although Chatichai's visit to China was linked to Thailand's strong interest in resolving the Cambodian conflict, it also underscored the necessity of accommodating Chinese power, regardless of the circumstances.

Thus, while regional *détente* and a reduced Vietnamese threat will undoubtedly loosen the Sino-Thai alliance and Bangkok's ties with Vietnam

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will be less dependent upon Chinese foreign policy, Beijing has developed a significant voice in Bangkok, perhaps even overshadowing that of the United States. And, as its warnings to Thailand suggest, it intends to protect and even expand its influence there. As China moves into the Pacific century and prepares for competition with Japan it will adjust itself to greater Thai independence, but it also seems to define its vital strategic interests as encompassing mainland Southeast Asia as a whole.

Beijing is also apprehensive over the expansion of Japanese economic interests in the rest of Southeast Asia. Chinese leaders see the rapid expansion of regional investment and ponder the political ramifications. One authoritative analysis of former Prime Minister Takeshita's diplomatic strategy concluded that Tokyo was adjusting its diplomacy in order to "play a greater political role" in global politics and to "become a big political power at a faster pace". This effort was reflected in the rapid expansion of Japanese investment in the ASEAN countries in 1987 and in Tokyo's proposals for a new Asia-Pacific economic organization and for a regional summit.[26] Similarly, Japanese policy allegedly aims to create an "East Asia Economic Circle" and to use Asia to establish itself as a world power. Japanese economic policy in Asia anticipates the "advent of the 'Pacific century'" with Japan as its economic centre.[27]

It is particularly interesting to note China's different treatment of Soviet and Japanese foreign economic policies. Whereas Beijing once considered Soviet foreign economic policy a threat to Chinese interests, it now considers Moscow's heightened interest in trade with the ASEAN countries a welcome change from Moscow's prior reliance on its military in its Asian diplomacy. Japan's economic policy, on the other hand, which in the earlier era Beijing had believed contributed to the anti-Soviet united front, is now viewed with apprehension by Chinese leaders.

Conclusion: Managing the Transition

The issue confronting Southeast Asia is how to move the region into an era characterized by increased Japanese and Chinese power with minimum tension and conflict. This is no easy task, given the enormous difficulty of adjusting policy to changing strategic circumstances. Nonetheless, the importance of the issue demands our attention, and early study should make the difficult transition more manageable.

At the level of policy, the most important objective is to maintain an influential U.S. role in the region. Continued American presence serves two functions. First, all nations in the region, including China, believe that if the United States maintains its presence, then increased Japanese power will be incorporated into the existing strategic framework. This

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will help to minimize the disruptive consequences of the emergence of greater Japanese military power. Secondly, as the most distant power with relatively less vital interests at stake, the United States can help to deter any overly ambitious policies on the part of either China or Japan and to moderate any Sino-Japanese tension that may emerge by adopting a balancing role. Should the United States withdraw its strategic activities to Guam, for example, then the region will be exposed to the emergence of Japanese and Chinese power without the presence of a moderating force.

Nevertheless, ensuring a continued U.S. presence in Asia will not be easy. To be a credible Asian power the United States will have to continue to invest in its naval forces. Surface ships are the currency of power in Southeast Asia. But in an era of global *détente* and a declining Soviet threat, it will be difficult to justify ongoing high levels of military expenditures in the United States. This is even more so in the case of carrier task forces, which are extremely expensive, highly vulnerable, and have low utility in most scenarios. Thus, the challenge is to convince American public opinion of the necessity to prepare for a more complicated and uncertain future in an era of declining threat.

At a second level, easing the transition to an era of increased Japanese and Chinese power requires informed opinion in both capitals about each other's motives and intentions. Simply put, Chinese analysts must acquire greater sophistication concerning Japanese politics and foreign policy, rather than merely continuing to perpetuate misinformed policy prognoses based on historical biases.[28] With greater knowledge in China about Japan, Chinese leaders may well receive better advice and, thus, will not assume the worst concerning the domestic sources of Japanese foreign policy.

Finally, transitional periods require careful diplomacy. This, in turn, is often a function of leadership attitudes and their implications for regional interactions. While all Chinese leaders may agree on their objectives in Southeast Asia, they may differ in their ability to realize these objectives. A conservative Chinese leadership distrustful of open societies and reliant on inflexible tactics, such as that which emerged in the aftermath of the spring 1989 democracy demonstrations in Beijing, may be less sensitive to regional concerns and more inclined to perceive the worst in Japanese policy. Such attitudes would undermine the prospects for the successful management of change. Similarly, a retreat from economic reform policies and retarded economic development might leave Beijing with only military force as an instrument of policy. This was Moscow's dilemma in the 1970s and the ramifications for regional instability were significant. Moreover, suspicion of Chinese intentions on the part of Japan and the ASEAN states would likely be exacerbated by the emergence

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of a conservative Chinese leadership and they may be less optimistic of reaching diplomatic solutions to regional disputes with Beijing. Significant instability has characterized Chinese politics since the start of the century; continued instability may well influence regional diplomacy during an era of rapid change.

In an age of transition, it is all too easy to focus on the end of the existing order. We see this propensity today, with the understandable fascination and excitement at the pace of change in Soviet economic, political, and foreign policies and the rapidly ending cold war. The welcome end of one era, however, should not obscure the dynamics of the emerging era. The challenge to Southeast Asia is that the local actors must focus on the region's ambiguous future and prepare for its uncertainties, rather than merely rejoice at the end of a dangerous and violent period of history.

NOTES

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3. See "A Forum Held By *Liaowang*"; and Wan Lin, "Tremendous Changes are Taking Place in the World Situation", *Guoji Wenti Yanjiu* [International Studies], no. 2 (13 April 1990), in *FBIS/PRC*, 15 May 1990, pp. 4–7.
4. The communiqué is in *Xinhua*, 18 May 1989, in *FBIS/PRC*, 18 May 1989, pp. 22–24. On the Soviet military, see *New York Times*, 19 January 1990; *Far Eastern Economic Review*, 1 February 1990, p. 8; and *Washington Times*, 13 February 1990.
5. Interview with Chinese foreign policy analysts. See also *Agence France Presse*, 17 January 1990, in *FBIS/PRC*, 18 January 1990, p. 7; Beijing International Service in Vietnamese, 10 May 1990, in *FBIS/PRC*, 11 May 1990, p. 12.
6. *Xinhua*, 23 February 1990, in *FBIS/PRC*, 26 February 1990, p. 8; *Xinhua*, 16 January 1990, in *FBIS/PRC*, 22 January 1990, p. 8; and *Xinhua*, 15 February 1990, in *FBIS/PRC*, 16 February 1990, p. 4.
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8. For a relatively benign view of Soviet economic policy, see Li Changjiu, "Soviet Union Actively Launches Economic Diplomacy", *Shijie Zhishi*, no. 24 (16 December 1988), in *FBIS/PRC*, 23 January 1989, pp. 8–11. For a more cautious yet appreciative discussion of the emerging flexibility in Soviet policy toward the region, see Zhou Xingguang, "The Soviet Union's New Posture in its Asia-Pacific Diplomatic Activities", *Renmin Ribao*, 11 April 1989, in *FBIS/PRC*, 13 April 1989, pp. 6–7.
9. An authoritative statement of this is Huan Xiang, "Step Hard to Correctly the New

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Changes in the International Situation", *Renmin Ribao*, 5 January 1989, in *FBIS/PRC*, 10 January 1989, pp. 2–3.

10. Interview in *Shijie Zhishi*, no. 2 (16 January 1989), in *FBIS/PRC*, 1 February 1989, p. 2. Huan Xiang made a similar statement in late 1987. See "A Special Yearender: A Year of Turbulence, Change, and Disquiet — Huan Xiang Reviews the International Situation in 1987", *Renmin Ribao*, 31 December 1987, in *FBIS/PRC*, 5 January 1988, p. 4.
11. Interviews with Chinese foreign policy analysts specializing in Southeast Asia.
12. Based on interview with Chinese Foreign Ministry officials.
13. See, for example, *New York Times*, 4 January 1990; 15 April 1990; and *Far Eastern Economic Review*, 5 April 1990, p. 7; 24 May 1990, p. 14.
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21. *Xinhua*, 16 August 1989, in *FBIS/PRC*, 21 August 1989, pp. 38–39.
22. Hong Baocai, "The Development of China's Military Air Transport", *Liaowang*, no. 30 (24 July 1989), in *FBIS/PRC*, 8 August 1989, pp. 41–42.
23. See, for example, *Xinhua*, 9 March 1990, in *FBIS/PRC*, 9 March 1990, p. 6; *Tagong Bao* (Hong Kong), 19 March 1990, in *FBIS/PRC*, 14 March 1990, pp. 6–7.
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25. Beijing Domestic Service, 15 June 1989, in *FBIS/PRC*, 19 June 1989, p. 10.
26. Lu Guozheng, "The Takeshita Foreign Policy that Draws Much Attention at Home and Abroad", *Guoji Wenti Yanjiu*, no. 4 (October 1988), in *FBIS/PRC*, 9 December 1988, pp. 13–14.
27. Tian Di, "Trends in Japanese diplomacy toward Asia".
28. For a discussion of the inadequacy of China's Japan-watching community, see Whiting, *China Eyes Japan*.

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The Multilateral Assistance Initiative and Democratization in the Philippines

KENNETH E. BAUZON

The Multilateral Assistance Initiative (MAI), initiated by the United States, is intended to assist in the economic recovery of the Philippines. It calls for reforms in the Philippine economic structure designed to enhance free enterprise. The United States is motivated by a desire to neutralize Soviet diplomatic and political gains in the region; reverse the Marxist insurgency in the Philippines; and keep its military installations in the country. Philippine authorities — by accepting MAI funds — implicitly recognize an obligation to renew the base lease despite domestic opposition and a constitutional prohibition against nuclear weapons. A national referendum could be called to circumvent this prohibition. As presently conceived, the MAI impairs Philippine sovereignty. It allows the donors control over projects to be funded, and it requires domestic reforms suited to the donors' requirements. Finally, the Philippine reform programme itself contains flaws that will prevent sustained and equitable development.

Introduction

The dramatic ascendancy of Corazon Aquino to the presidency of the Philippines in February 1986 altered the perception of many Western observers about the nature and direction of political change in the Philippines. Many, if not most, observers thought that communism was the only alternative to the Marcos regime. Events showed that, in fact, the "People Power" revolution was inspired by the same democratic principles that continue to inspire peoples everywhere. And, while others thought that Mrs Aquino would not endure beyond the first few months in office,

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later events have shown that behind her conciliatory policies lies a capacity to be firm. But, more importantly perhaps, she remains widely popular although not as immensely so as when she first stepped into office. Governments everywhere have expressed positive feelings towards her, and the role of the Philippines under her leadership — particularly in the East Asia–Pacific region — is underscored by the establishment of the Multilateral Assistance Initiative (MAI) by a group of donor countries and international lending institutions.

For the United States, the importance of the Philippines encompasses not only the economic but also the political and strategic aspects of their relationship. U.S. foreign policy is also dedicated to the belief that the Aquino government is the key to the restoration of a constitutional process in the Philippines, and the political stability and economic prosperity of the country. This was underscored by Gaston J. Sigur, Jr., Assistant Secretary of State for East Asian and Pacific Affairs, when he declared in 1987 that

> ...the Aquino administration can successfully complete the institutionalization of a centrist, democratic constitutional system. The Aquino government and the Philippine democratic institutions clearly offer the best long-term chance for stability and progress in that country.[1]

The Regional Context

This affirmation of U.S. interest in the Philippines may be better understood in the context of the gradually changing configuration of Big Power relations in the East Asia–Pacific region. It is evident that the *glasnost* policy of President Mikhail Gorbachev has enabled the Soviet Union to make headway in his country's relations with the region.

Gorbachev has downplayed the military factor in an obvious departure from Brezhnev's policy. Instead, Gorbachev has proceeded to highlight economic issues and to appeal for friendship and co-operation with all countries of the region. In an effort to chisel away at the U.S. military presence in the region, Gorbachev has shown sophistication in playing upon regional anti-nuclear sentiments by declaring support for a nuclear-free Pacific, a zone of peace in the Indian Ocean, and a zone of peace, freedom, and neutrality in Southeast Asia. In responding to concerns about a Soviet military threat to the region, Gorbachev has assured that his country's military presence in the Pacific is only for the purpose of securing "the minimal requirements of our defense, the protection of our friends and allies, especially in the light of American military activity close to our and their border."[2]

Gorbachev has also re-established high-level contacts with the Chinese leadership in an effort to ease Sino–Soviet tension. He has used the slogans

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of "peace" and "socialism" to tie in the Soviet disarmament programme with the Chinese pledge of "no-first use" of nuclear weapons. This may be an oblique attempt to disengage China from U.S. influence. The Soviets feel that they have fulfilled the Chinese conditions for better relations with them, namely, Soviet troop withdrawal from Afghanistan, withdrawal of the Soviet-backed Vietnamese troops from Kampuchea, and reduction of Soviet military forces along the Sino–Soviet border.

Insofar as relations with Japan are concerned, Gorbachev raised Japanese hopes that the Soviet Union will relent on the disputed Northern Territories in return for Japanese participation in Soviet economic development. However, a major stumbling block to better relations is the persistent Japanese scepticism about Soviet seriousness in returning the disputed territories to Japan. Meanwhile, Japan continues to honour its 1986 pledge to participate in Strategic Defence Initiative (SDI) research with the United States. At the same time, it has agreed to be a major partner in the multilateral aid programme initiated by the United States for the Philippines.

With regard to the Philippines, Gorbachev has been able to repair the Soviet Union's relationship with the Aquino government which was damaged as a result of the premature congratulatory message sent by the Soviet Embassy in Manila to Ferdinand Marcos following the disputed elections in February 1986. Gorbachev has done this by reassuring the Manila government that his regime will not support the insurgent New People's Army (NPA), and by issuing a standing invitation to President Aquino to visit Moscow. In addition, in March 1989, representatives of both the Soviet Union and the Philippines signed an agreement to expand their bilateral trade to US$200 million by 1992, and to grant access to repair facilities for Soviet trawlers, for which the Philippines can expect an income of nearly US$8.5 million.[3]

The United States has viewed Soviet diplomatic gains in the region with concern. It has, therefore, proceeded to fashion an appropriate response, which contains a strong economic component. This response was articulated by Vice-President Dan Quayle in a speech before the American Business Council in Singapore in May 1989:

> . . . free markets and private initiative are the new guideposts to economic development, for the simple reason that their principles of economic organization clearly work. The nations of the Pacific rim . . . have shown the world that free enterprise economies are at least as effective in the developing world as they are in the more industrialized nations . . . .
>
> We will, therefore, continue to work closely with our Asian friends

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and allies to keep our markets open, support free trade, and to oppose what President Bush has aptly called 'The fool's gold of protectionism'.[4]

For U.S. policy towards the Philippines, this response would mean support for the Philippine Government's economic recovery programme. A successful economic recovery programme would, in turn, ensure maintenance of democratic institutions and resolve the insurgency problem. The Philippines under Aquino's leadership has made definite progress since 1986: a new constitution has been adopted, an independent judiciary restored, press censorship lifted, free and open elections both at the local and national levels have been held, and general human rights conditions have improved. More dramatically, perhaps, economic growth has turned around from a negative growth of the gross national product (GNP) during the last three years of the Marcos regime to 2 per cent in 1986, 5.9 per cent in 1987, and 6.7 per cent in 1988. The Aquino government wants to sustain the growth rate at around 6 per cent.

Despite these gains, enormous problems remain. To 30 per cent of the country's 60 million population, poverty is a daily reality as, in 1988, they shared only a meagre 9.3 per cent of the country's income according to the National Economic Development Authority (NEDA).[5] Furthermore, the country is saddled with about US$28 billion in external debt, towards which close to 40 per cent of the country's GNP goes in debt servicing alone.

Another pressing problem is the inequitable land tenure system. There has been resistance to land reform programmes. Land owners have influenced the legislative process or taken advantage of loopholes in existing laws which have allowed them to convert their agricultural lands into commercial and residential lands, thereby avoiding compliance with the land reform programme.

An inevitable consequence of an agricultural system based on land tenure is peasant unrest in which the insurgency problem thrives. During the Marcos years, the NPA grew from a handful in the late 1960s to 25,000 lightly-armed full-time guerrillas at the close of the Marcos era. Today, as claimed by Romulo Kintanar, the captured self-described chief of staff of the rebel movement, the NPA has a 30,000-strong force operating in 60 guerrilla fronts in 65 of the country's 73 provinces, and in 800 out of the 1,500 towns and cities.[6] If true, Kintanar's claim would disprove the common belief that the NPA's growth has been stunted since Aquino came to power, and that many have left its ranks either in response to the government's amnesty programme or as a result of the internal struggle which led to the purging of scores of guerrillas and supporters suspected as "deep penetration agents" (DPAs) of the Philippine military.

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Regardless of the actual number of guerrillas in the rebel movement, however, it is evident that they have the capacity to destabilize the government, engage in a systematic campaign of terror, extort "revolutionary taxes", maintain links with above-ground front organizations, and sustain sympathy from cause-oriented groups which may not share its ideology and tactics but which, nevertheless, have become convenient allies in specific issues like human rights, and the anti-military bases and anti-nuclear campaigns.

The uncertain status of the U.S. military bases in the Philippines has caused concern among military planners in the Pentagon. Several sticking points stand in the way of a renewal of the base lease which expires in 1991. They include financial compensation and the presence of nuclear weapons. In future negotiations, the financial panel is sure to demand a much higher "rent" for the bases and to assert the anti-nuclear provision of the Philippine Constitution. The latter demand will certainly clash with the long-standing U.S. policy of neither confirming nor denying the presence of nuclear weapons on U.S. military bases, aircraft and naval vessels within Philippine territory.

The successful review of the Military Bases Agreement (MBA) between the United States and the Philippines in October 1988 is being described in U.S. foreign policy circles as clearing the way "for broad backing of an international aid program. . .".[7] Furthermore, it is taken as an indication of "an inclination on [the part of President Aquino] to support a continued American presence there."[8] With these realizations, prospects have become brighter for a supportive consideration and approval of the MAI by the U.S. Congress.

The Multilateral Assistance Initiative: Origins and Features

Origins of the MAI

The MAI concept was first advanced by a group of bipartisan members of the U.S. Congress in a letter to President Reagan in November 1987. In advancing the concept, the MAI supporters underscored the significance of the Philippines to the United States and the importance of nurturing the growth and development of democratic institutions in that country.[9] It was explained that these institutions are, "fragile and under attack", and that the communist movement "continues to commit violence and exploit the vulnerabilities in Philippine society for political gain".[10] It was also explained that while the Philippine economy under Aquino has made dramatic gains, it requires a massive infusion of capital from

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abroad in order to sustain these gains. The current level of aid is simply not adequate, and special efforts have to be made if the economic base of democracy in the Philippines is to remain viable.

President Reagan was receptive to the MAI concept and in March 1987, the Reagan Administration began lobbying other industrialized countries, especially Japan, and international lending agencies to support the MAI. At the Toronto Summit of the "Group of Seven" industrialized countries in June 1988, President Reagan and Japanese Prime Minister Noburo Takeshita declared that their two nations had agreed to establish the MAI. At the same time, both leaders enjoined other governments to support the plan and to pledge contributions to its fund. International lending institutions, such as the World Bank and the International Monetary Fund (IMF), were likewise invited to contribute.

At the Toronto meeting, a consultative group was organized consisting of nineteen countries, led by the United States and Japan, as well as seven international financial institutions. In July 1989, a "pledging session" was called in Tokyo. Presentations were made by the Aquino administration on its plan to restructure the Philippine economy. This plan was contained in a Memorandum of Economic Policy (MEP) which was circulated to the participants of the Tokyo meeting. Also known as the Philippine Aid for Sustained Growth and Development (PASGD), the MEP was virtually the same document the Philippine government had submitted to the IMF earlier, in February 1989. In this document, the Aquino government recognized that while its massive external debt was constraining economic growth, the Philippines acknowledged its "primordial" obligation to pay back this debt. This would mean trimming down government expenditures in such areas as health, education, and social welfare. It would also mean reliance on foreign investments; loans and grants to finance growth; the imposition of new taxes; a more efficient tax collection system; lowering of the rate of inflation to a single digit; and the deregulation of the economy, including the privatization of government corporations and the reform of import regulations.[11]

All of the above measures, according to the PASGD, are aimed at establishing a pattern of sustained growth that will:

- allow for equitable distribution of income and reduce poverty and unemployment;
- enhance the climate for private sector activities while limiting public sector involvement in the economy to those areas necessary for the regulation of private activities, or the attainment of social goals;
- promote growth within and among the different regions of the country; and
- restore access to voluntary credit in international markets.[12]

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The Philippine Government's plan received the unanimous approval and endorsement of the participants at the Tokyo meeting. The donor nations and financial institutions pledged a total of US$10 billion, half of which would be derived from contributions from the United States and Japan, Western Europe, other governments and the multilateral lending institutions. The rest would come from the private sector in the form of new investments, debt relief, and other measures. In endorsing the plan, U.S. Secretary of State James Baker announced that the Bush Administration would seek one billion dollars over a five-year period in supplementary economic assistance for the Philippines. Of this amount, US$200 million has been earmarked for 1990. Altogether, the amount pledged at the Tokyo Summit for 1990 was US$3.5 billion.

Responding on behalf of the Philippine Government, Foreign Minister Raul Manglapus delivered a message of appreciation to the donor countries and institutions for their "solemn act of humanitarian justice" and, in turn, pledged that "not a cent would be misspent. Our word remains as hard as gold".[13]

Mechanisms of Implementation

As it stands today, each donor country or institution has control over its MAI contributions and the specific programme it will fund. Thus, each donor country or institution has the flexibility to pursue its own agenda in participating in the aid programme. For instance, Japan wants its funds to contribute to regional stability. This was reflected in former Japanese Foreign Minister Saburo Okita's comment that "[t]he Philippine's political stability and economic growth benefit Japan's national interests" and that "the sea lanes near the Philippines are crucial for Japan's crude oil imports".[14] The Bush Administration, in another instance, made it known that a significant portion of the U.S. contribution would be used to encourage investments by American companies. American funds would be made available to private venture capital firms, investment feasibility studies, training programmes, and possibly other investors needing capitalization.[15]

A complicating factor in the Bush Administration's commitment is whether the U.S. Congress will pass, unamended, relevant legislation. The U.S. Congress has been in a budget-cutting mood especially since the Gramm-Rudman-Hollings deficit reduction law was enacted. The foreign aid bill submitted annually by the previous Reagan Administration has been subject to intense negotiations between representatives of the Congress and the White House. As a result, beginning in 1985, Congress has scaled down the foreign aid budget to about US$14 billion per year.

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Once inflation is accounted for, this is about the same level as that when Reagan took office.

The skill of the Bush Administration in foreign aid budget negotiations is yet to be tested on a long-term basis. However, the U.S. Congress has already trimmed US$40 million from the $200 million initial U.S. contribution to the MAI. At the same time, the House Sub-committee on Foreign Operations and Export Financing has approved a provision in the 1989 foreign aid bill which gives the Bush Administration "authority to transfer funds to the MAI from parts of the bill that are not designated or 'ear-marked' for specific programmes".[16] The apparent purpose is to spare the MAI from possible automatic cuts mandated by the Gramm-Rudman-Hollings law.

The United States also placed "strings" upon the allocated MAI funds. For one thing, none of the funds approved for the MAI can be spent by the Philippine Government until President Bush has received a detailed prospectus from Manila specifying how the funds would be spent. Secondly, all U.S.-funded programmes have to be approved by the other MAI participants before the President can endorse them for Congress. Thirdly, the President is to notify Congress at least fifteen days in advance before any portion of the funds can be spent. Finally, the President is to report to Congress that a "substantial majority" of the MAI funds do, in fact, come from other donor countries and institutions. This final prerequisite is designed to ensure what U.S. Representative Stephen Solarz described as "a classic example of burden sharing at its best".[17]

In response, the Philippine Government has established a machinery to implement the Philippine Assistance Program (PAP), as the MAI is known in the Philippines. President Aquino has appointed a businessman, Roberto Villanueva, as her personal representative and as Chairman of the Coordinating Council of the Philippine Assistance Program (CCPAP). The appointment of Villanueva was greeted with optimism by many officials in Washington, including Allan Woods, head of the U.S. Agency for International Development (AID) who liked Villanueva's "ideas about the importance of private enterprise participation in the plan".[18]

The CCPAP, according to Villanueva, "will be the sole agency to coordinate all external funds coming in the form of grants, concessional loans, technical assistance, private investments, commercial loans, trade access and debt relief funding."[19] Villanueva added that the CCPAP will also set up an appropriate mechanism to negotiate for other foreign funds and to enhance the "absorptive capacity" of the country to use these funds. This means that the CCPAP will have primary responsibility to determine "which projects should be financed first".[12]

The National Economic Development Authority will assist the CCPAP

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by evaluating and monitoring projects approved by the CCPAP for funding. Additionally, an executive body, the Committee on Official Development Assistance (CODA), has been set up, likewise headed by Villanueva; its task is to supervise the administration of the fund.

One of CODA's first tasks is the disbursement of the US$4 billion in existing Official Development Assistance (ODA) from abroad, largely from the United States. It must be recalled that during the U.S. congressional debates on the MAI, opponents cited this huge unspent assistance fund as an indication of the Aquino government's inability to effectively and efficiently absorb a massive inflow of new funds due to a combination of factors, including corruption, inefficiency, and lack of institutional mechanisms through which the funds may be channelled. This poses a special challenge to CODA Director Jose De Jesus to demonstrate that the Philippine Government has the capability to administer the funds effectively and efficiently.

Shortly after his appointment, CCPAP Chairman Villanueva requested the Philippine Congress to support the PAP by passing enabling legislation in five critical areas:

1. the improvement of the country's absorptive capacity by setting up implementing agencies and defining their procedures;
2. the allocation of PAP funds to attain balance among the geographic regions of the country and sectors of the society;
3. the alleviation of poverty as a predominant feature of the programme;
4. the speedy preparation and implementation of projects and the adoption of safeguards to avoid scandals and graft; and
5. the involvement of non-governmental organizations in such a way as to harness their skills and talents in the implementation of the programme.[21]

As in the United States, the Philippine Congress wants to assert itself and to play an influential role in the implementation of the PAP. The *Batasang Pambansa* (National Legislature) and *Malacanang* (Executive branch) have disagreed primarily over the control of the PAP fund disbursements: should these funds be considered "automatically appropriated" or should they be considered "foreign borrowing" under Republic Act 4860, which requires the prior imprimatur of the legislature? If it is the former, the Executive branch may disburse the funds without legislative approval. If it is the latter, however, it requires prior congressional approval.

The issue was clarified by Justice Secretary Sedfrey Ordonez in response to NEDA's request. In his opinion, Ordonez supported the view of the Aquino administration, that is, that "the PAP fund was an exception to the constitutional requirement that the President must submit the foreign borrowings to the Congress either for inclusion in the General Appropriations Act or for a separate appropriations law."[22]

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Philippine Senator Ernesto Herrera reflected the *Batasang's* position when he stated that Ordonez was wrong in arguing that no law was needed to appropriate the funds. Herrera cited the stand taken by the Commission on Audit to the effect that "the funds constituted public money and Congress must appropriate them in a specific law. . . ."[23] Herrera then urged his colleagues in the Congress to enact a law specifying the priorities and direction of the PAP. He was particularly concerned with the broad authority granted to Villanueva, considering the implications of the funds on sovereignty, national security, and constitutional stability. He stressed that "[t]he Senate could not just close its eyes given its duty to participate in the forging of foreign policy".[24]

Critiques of the MAI

Criticism of the aid programme has come from various quarters representing different ideological shades both in the Philippines and abroad. In the United States, a criticism expressed by many liberals and conservatives alike is that the amount involved is much too large in an era of shrinking budgets. In addition, liberals have questioned the underlying military motives of the aid programme for a country with enormous socio-economic problems. Conservatives, on the other hand, have criticized the allocation of such funds to a Third World nation which has a history of inefficiency and mismanagement. Nonetheless, both liberal and conservative critics do not see reason to scuttle the MAI package. As a result, the assistance programme received U.S. congressional approval in 1989 with minimal opposition.

In the Philippines, general criticism of the PAP seems much more passionate. Many Philippine observers oppose the programme because of the belief that the United States is not motivated by altruism but by selfish considerations. Such critics view the PAP as a "Trojan horse" which appears to benefit the Philippines but which really permits U.S. control of domestic affairs. They further argue that, through the PAP, the country will lose its sovereignty as a result of the conditionalities attached to it; these conditionalities, in turn, allow the donor countries and multilateral lending agencies to virtually have a veto power over the Philippine Government with regard to matters of implementation and which programme to fund.

The conditionalities referred to include, but are not limited to, the following:

1. the "primordial consideration" given to debt repayment even though this would be done at the expense of existing social programmes;
2. primary reliance on private foreign investments to finance economic

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growth because savings are devoted to debt servicing, not to generate growth;
3. the imposition of new taxes to shore up government reserves and to reduce its deficits; and
4. the privatization and relaxation of government corporations to allow greater foreign participation in the economy.[25]

The U.S. bases issue is closely linked to the PAP debate. U.S. Senator Robert Dole referred to the linkage between the two issues bluntly: "That is not a threat or a club. It is a fact. . ." that U.S. contributions to the MAI might be withdrawn if there is no progress in the negotiations towards the retention of the bases.[26]

Despite all the anti-bases sentiments and rhetoric there appears to be an emerging consensus in the Philippines that the United States must be permitted to retain the bases if that is a prerequisite for the PAP programme. It is likely that opposition in the *Batasang* and the constitutional anti-nuclear provision will be circumvented by holding a national referendum on the issue. Public opinion polls in the Philippines show that there is strong popular support for the U.S. bases.

Another criticism worth noting comes from Gustav Ranis, an economist with the Economic Growth Center of Yale University. Ranis has expressed pessimism about the Philippines achieving "sustainable growth with equity" under the present plan. He criticizes the Philippine Government's economic programmes on a number of points. First, the promised policy reforms would not really move the government's protectionist stance with regard to inefficient industries and the monopolistic banking structure. Secondly, despite plans to decentralize, no effective steps have yet been taken to devolve the decision-making authority, particularly with regard to the distribution of resources. Thirdly, the current development strategy is misplaced in that it does not address the major problem: skewed income distribution in favour of the rich and powerful; furthermore, it does not effectively address "one of the worst land tenure systems" in Asia.[27]

Other criticisms of the MAI have been expressed by nationalist and left-leaning groups in the Philippines as well as abroad. For instance, the MAI has been described in one pamphlet as "[t]he most potent bribe in the US campaign for the [military] bases. . . ."[28] Another writer described the MAI as "a smokescreen to promote US interests at the expense of Philippine welfare and sovereignty."[29] In addition, these critics argue that the MAI will cause the Philippines to lose control over two crucial issues: the debt problem and the bases question. They argue that by reducing the debt service payments by 10 to 20 per cent, the Philippines could save up to US$2 billion a year. These critics also believe that the conversion of the U.S. bases to civilian use would bring more benefits

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to Filipinos than if they were to remain under U.S. military control. Feasibility studies have been cited which project that the facilities under civilian control would produce more income, employment, and taxes for the Philippines.

Conclusion

In the foregoing discussion, the regional context of the MAI was discussed. In view of the U.S. desire to maintain a position of strength in the Asia-Pacific region, support for the democratization process in the Philippines under the Aquino administration is deemed essential. The United States has called upon the industrialized countries, particularly Japan, as well as international lending institutions to contribute to the MAI. However, as presently constituted, a number of conditionalities may infringe upon Philippine sovereignty, and the autonomy of the Philippine authorities in determining the direction and implementation of the aid programme may be seriously impaired. The economic reform programme presented by the Philippine Government itself contains serious flaws that lead one to question whether it is an adequate blueprint for sustained development. Furthermore, the MAI's relationship with the issue of the U.S. bases promises to be contentious. While no official from both the United States and the Philippine governments would admit that there is a linkage between the two issues, it is evident that the United States will expect something in return for its financial contribution to the scheme. Its motivations in establishing the MAI, after all, are not altruistic but, rather, selfish. One may even go so far as to suggest that the MAI is an extension of the Reagan Doctrine, in terms of its counter-insurgency overtones.

On the Philippines' part, it appears that the MAI just might be the solution that will pull the country out of its economic rut. Despite often-acrimonious debates among Filipino politicians and decision-makers, the issue of the MAI seems settled. The debate now concerns which projects to fund, how much power the implementing agencies will have, and to what extent the *Batasang* has to be involved in dispensing PAP funds, and the like. There appears to be a sense of resignation that the U.S. bases will remain, despite growing anti-bases and nationalist sentiments. To legitimize a decision to retain the bases and to circumvent a constitutional prohibition of nuclear weapons inside these bases, the matter will most likely be submitted to the people in a referendum. This is a clever move from the government's point of view, considering that opinion polls reveal broad popular support for the bases. Given the crucial role played by even a minimal U.S. military assistance to the besieged Aquino government

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during the December 1989 coup attempt, the significance of the bases is not lost on the incumbent government.

NOTES

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Lessons from Asian NIEs for the Philippines*

RENATO S. VELASCO

Hailed as development success stories of the past thirty years, the four East Asian newly industrializing economies (NIEs) have become models that many developmental specialists zealously prescribe to developing countries to emulate. By repeatedly proclaiming that its efforts are all geared towards becoming an NIE before the year 2000, the Philippines has apparently bought this prescription and caught the NIE fever. The common features of the NIEs' growth strategy are examined, and the roles played by an "autonomous" state and the economic nationalist-oriented state élites are found to be pivotal in the NIEs' phenomenal economic growth. These two crucial factors are lacking in the Philippines and, therefore, serve as a problématique for Filipino developmental planners and workers to ponder on.

The Philippines in the mid-1960s was one of the most advanced countries in the Asia-Pacific region. Its industrial strength was second only to Japan and its export earnings far exceeded that of South Korea and Thailand, as can be seen in Table 1. Endowed with rich natural resources, an ample and highly educated labour force, and governed by a liberal democratic government that was openly supported by the world's richest and most powerful state (the United States), the Philippines had certainly the basic requisites for rapid economic growth. Back in the 1960s, it was predicted that the country would soon join the prestigious group of advanced progressive industrialized countries.

The test of time has proved this prognosis overly optimistic. After twenty years, Asia's prospective economic Cinderella has transitioned

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TABLE 1
Exports of the Countries Under Study for the Periods Specified
(In US$ million)

Country	*1960*	*1970*	*1980*	*1986*
Taiwan	164	1,428	19,775	39,756
S. Korea	33	835	17,505	34,715
Indonesia	841	811	21,909	18,590 ('85)
Malaysia	1,189	1,680	12,941	15,441 ('85)
Thailand	408	697	6,505	8,794
Philippines	560	1,062	5,744	4,607 ('85)

SOURCE: Asian Development Bank (ADB), *Key Indicators* 1971, Table 13; and 1987, Table 29. Reprinted from Alejandro Lichauco, *Nationalist Economics* (Quezon City: Institute for Rural Industrialization, 1988), p. 116.

into the "sick man of Asia", saddled by a debilitating level of debt servicing, mass poverty, unemployment, political unrest, and sluggish growth. As Table 1 highlights, from being one of the major export players in the 1960s, the Philippines was reduced to the status of a non-entity in the 1980s, especially evidenced in 1985 when it registered the lowest volume of exports. Though Table 2 indicates a slight improvement of exports in 1986, just after the overthrow of the Marcos regime, the situation regressed again in 1989. Strangely, the Philippines' erstwhile backward neighbours of the 1960s, namely, South Korea, Taiwan and Hong Kong turned out to be more successful. At a time when the Philippine economy was deteriorating, these other economies were achieving sustained double-digit growth rates and were capturing a substantial portion of world trade. Referred to as the "four little dragons" or "gang of four" to its critics, these four countries (which includes Singapore) accounted for more than 60 per cent of all Third World manufactured exports in 1981. They even surpassed the United States, with its 6 per cent export growth from 1960 to 1970, by registering an export-led growth rate of 23–35 per cent for the same period, as indicated in Table 3.

These economic strides became more significant as they were followed by the rapid eradication of mass poverty in the four East Asian newly industrializing economies (NIEs).[1] Recurring problems of unemployment were dramatically reduced and income distribution in these economies has become fairly even. Likewise, their citizens enjoy high literacy rates, a continuous rise in living standards, and increased access to various

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TABLE 2
Export Growth in Asia
(Annual % Increase)

SOURCE: Reprinted from *Asian Wall Street Journal*, 2 May 1990.

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TABLE 3
Comparative Average Annual Growth Rates of Exports of the United States, South Korea and Taiwan for Specified Periods
(In per cent)

Country	*1960–70*	*1970–78*
U.S.	6.0	6.5
South Korea	35.2	28.8
Taiwan	23.7	9.3

SOURCE: World Bank, *World Development Report* 1980, Table 8. Reprinted from Alejandro Lichauco, *Nationalist Economics* (Quezon City: Institute for Rural Industrialization, 1988), p. 119.

forms of social leisure. The fact that these gains were achieved within a period of ten years makes the NIEs' performance even more remarkable.[2]

Hailed as the most outstanding development success story of the past thirty years, these four East Asian NIEs have become "models" which many developmental specialists zealously prescribe for emulation by developing nations. To that extent, President Corazon Aquino and the ever-optimistic Trade and Industry Secretary Jose Concepcion have themselves repeatedly (and rather grandly) proclaimed that Philippine government efforts are geared towards making the country an NIE before the year 2000.

Can the developmental performance of the four East Asian NIEs be replicated in the Philippines and elsewhere? How and why did these East Asian societies become NIEs? What lessons can the Philippines and other NIE aspirants learn from the four little dragons? This article attempts to provide some tentative answers to these questions. To that end, it will identify some of the common features of the so-called East Asian model of development. It will then explain the important political and international environment in which this model has interacted and prospered. For their prospective usefulness to the Philippines and other countries, the experiences of Taiwan and South Korea will be emphasized and will be used as benchmarks for some generalizations. This stress on the two bigger NIEs is because of the distinct peculiarities of the other two NIEs: Hong Kong is a British colony and Singapore is a city-state.

This article contends that the Philippines cannot replicate the East Asian model primarily because of the distinct feudal and colonial character of its "state", used in this article to mean the "apparatus of political

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power". The "state" has been a pivotal actor in East Asian development precisely because it is relatively insulated from conservative feudal forces. This makes it more oriented towards national industrialization and more capable of performing a developmental role than the "state" in the Philippines and other developing countries. Thus, the nature and implementation of the industrialization strategies of the East Asian NIEs have been markedly different from that of the Philippines, particularly with respect to foreign capital and technological inflows. This issue and other related obstacles to development are explored in the discussion that follows.

The East Asian Model: Some Common Characteristics

There are apparent critical differences among the four East Asian NIEs, which include not only those between city-states (Hong Kong and Singapore) and large countries but also relations between government and domestic and foreign enterprises, and in national responses to the world economic turbulence of the early 1970s and 1980s. Notwithstanding these disparities, however, one may come up with a set of crude commonalities among the four NIEs.

First, all the NIEs have export-oriented industrialization (EOI) strategies which are specifically based on the export of light labour-intensive manufactured products. The success of EOI in the NIEs has been used to vindicate the liberal prescription for market-oriented policies and participation in the world economy against the costs of an inward-looking, import-substituting industrialization (ISI) of the other bloc of weaker NIEs of Latin America, such as Brazil, Mexico and Argentina.

Secondly, all the East Asian NIEs have a well-defined priority of economic growth over other goals. In pursuit of economic success these four NIEs subordinated non-growth considerations such as human rights and political democracy, to the economic growth priority. Their "states" are fairly strong, unchallenged by opposition groups, and dominantly authoritarian and bureaucratic. Taiwan and Singapore have been effective one-party states since their establishment. South Korea has been governed by strong presidents backed by the military since the coup led by General Park Chung-hee in 1961. And, Hong Kong is run as a colony of Great Britain.

The third commonality centres on the high quality and ample supply of human resources. The physical resources of the four NIEs are varied: Taiwan and South Korea have plenty of land, while Singapore and Hong Kong have very limited and almost no land for agriculture. But, like the initial NIE, Japan, the populations of the current four East Asian NIEs are

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their greatest resource, being culturally cohesive, disciplined, well-educated and motivated. A number of studies have explored this culturalist and Weberian explanation of the NIEs' phenomenal success, attributing it to their common Confucian tradition. That tradition produces individuals who are willing to place national or corporate goals ahead of personal interests: its emphasis on a world affirmative attitude, thriftiness, harmony, and the search for knowledge in society and the universe have helped these NIEs to draw support from the people and obtain a supply of efficient modern technocrats and captains of industry. The populations of these NIEs are also more inclined to follow government policies without much debate and paralysing divisiveness in discussion.[3] The Confucian ethic is important for export-oriented industrialization, in which comparative advantage is based on productive labour and adaptable entrepreneurs. The East Asian states have, thus, managed to place labour unions under control, have destroyed anti-industrial monopolists, and have created a new industrial élite. This cultural background is complemented by a strong anti-communist consciousness, which has provided both a sense of mission and urgency. Taiwan and Hong Kong are counterpoised against socialist China; South Korea against its northern neighbour; and Singapore against Vietnam.[4] They are either converts or active proponents of the so-called communist threat that must be opposed.

A swift and extensive land reform may be considered as the fourth commonality, but only with respect to South Korea and Taiwan. This measure has resulted in the transfer of substantial agricultural output for industrial development, and at the same time has created a firmer basis for upgrading the agricultural sector. The way in which Taiwan went about implementing its land reform can be instructive for the Philippines. Some details are therefore in order. Taiwan, it should be noted, utilized the coercive means of the state to make it successfully opportunistic. The indigenous Taiwanese economic élites were virtually wiped out during the four stages of land reform: the initial stage, when farm rents were drastically reduced in 1949; the second stage in 1951, when public lands were sold to tenant farmers; the third stage in 1952–54, when a three-hectare retention limit was imposed; and, the final stage in 1954–60, when the state purchased land for resale to farmers.[5] Land prices were set far below market value. Payment was made in the form of 70 per cent in commodity bonds and 30 per cent in shares of stocks in four designated government enterprises. The bonds paid 4 per cent annual interest with principal and interest amortized over ten years. It is worth noting that these bonds bore only 4 per cent interest compared with bank rates of 16 per cent, thus short-changing the landlords but benefiting the state. Thirty per cent of the compensation value was paid

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in shareholdings in four government corporations whose market value, except for Taiwan Cement Corporation, fell below par.[6]

Such practices meant that smaller landlords were hit the hardest and many were forced to sell off the bonds and stocks at a loss. Big landlords who managed to hold on to their assets were to benefit, but only much later. Through this process some landlords were transformed into farmers or urban workers after bankruptcy, while others became capitalists closely allied with the state. The Taiwanese Government had, through land reform, broken the power of landlords to control rural surpluses. This was to result in a huge capital outflow from agriculture towards industry and other priority state projects, which accounted for about 34 per cent of gross domestic investment between 1950 and 1960.[7]

A similar land reform scheme was implemented by the South Korean Government. Apart from liberating rural surpluses and labour for industry, this radical effort also resolved the agrarian unrest. Leftist groups which had agitated over land ownership were likewise placed into a long period of hibernation for lack of popular support.

Political and International Context of the NIEs' Growth

A number of major political factors complemented the aforementioned features to help the NIEs succeed.

One such factor is the insulated nature of the state bureaucratic authoritarianism of the East Asian NIEs. This phenomenon primarily refers to the relative autonomy or independence of the apparatus of power from parochial interests and dictates of societal actors and élites. The activities of autonomously organized social and political groups are rather limited and these groups lack effective access to the centres of decision-making. The Korean and Taiwanese state élites, like those of the Japanese Meiji rulers in the 1870s, saw industrialization as the key weapon against both internal political instability and external threat. And they realized this goal through the conscious development of an industrial bourgeoisie that could set up strategic industries under state direction.[8] The primary motivation was, therefore, national interest but defined in economic rather than political terms. Private involvement in public enterprises was decided on only if competitive advantage was deemed realizable and entrepreneurs were supported on the basis of their efficiency and not on any political criterion.[9] State intervention was apparent in every major aspect of the economy and bold national policies, such as land reform, lowering of wages and shift from import-substitution to export-oriented industrialization, were implemented without much vacillation or delay. This instrumental or institutional definition of

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the state does not imply that the state can completely ignore constraints in the class structure, business cycle, or international system. It simply means that the state or apparatus of power is the key factor in the political and economic interests of the NIEs' élites.

Hamilton, in a comparative study of NIEs, claimed that, in fact, the Korean and Taiwanese states can be credited to be intimately involved at all levels of primitive accumulation. He thus argued that with the exception of Singapore, it was not foreign capital which initiated the incorporation of the NIEs into the so-called new international division of labour (NIDL) in the world capitalist system, but rather it was indigenous capital.[10]

A second, politically-oriented factor, in the East Asian NIEs' success relates to the Keynesian developmental liberal ideology of their state élites. Political autonomy alone does not explain the substantive direction and perpetuation of certain policy initiatives. For an explanation, the economic ideologies of the NIEs' élites, which Johnson has referred to as "developmental liberalism",[11] is an important aspect to consider. This orientation, which guides the NIEs' export-oriented industrialization strategy, firmly involves state intervention in the economy, both as an economic activist and as an economic planner, in order to develop the national economy. This approach is a variant of economic nationalism, which is intended to pursue industrialization policies specifically designed to harness the strategic and economic interests of the nation-state.[12] In this framework, the state does not leave the fate of the national economy to the "invisible hand of the market", but rather it uses a mixture of direct controls and arms-length incentives to foster industrial growth oriented towards the world market. This approach is in sharp contrast to the inward-looking import-substituting industrialization of several Latin American economies, and bears little resemblance to the free market and investment regime orientation of the Philippine economy. This orientation has a distinctly mercantilist cast, and South Korea, Taiwan and Singapore all have *dirigiste* bureaucracies capable of extracting and channelling resources to targetted industries and selectively choosing and ordering the package of incentives. Hong Kong is an apparent exception, being purely *laissez-faire* in orientation with few instruments of macro and micro-economic supervision.

Under this orientation, South Korea and Taiwan have supported their domestic firms, giving them fiscal incentives and protecting them from imports and foreign competition during the phase of import-substituting industrialization in the 1950s. Both countries then regulated state support in the mid-1960s as they shifted to export-oriented industrialization, but only after setting up legal and bureaucratic mechanisms aimed at channelling foreign inflows in a manner that complemented broader economic goals. Free trade zones, which offered low wages, tax incentives and profit

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remittances to foreign firms, were set up in Taiwan in 1963 and in South Korea in the early 1970s. Not long after, foreign firms which began operations started to expand their activities; the Korean and Taiwanese governments, therefore, revised their foreign inducement laws and export requirements to protect the domestic market and support their local firms. Measures such as joint ventures, equity-conditions, competitive bidding, and local requirements were imposed. Foreign investments have effectively been excluded in most consumer and primary production sectors through restrictions on owning land or investing in agriculture and mining. Moreover, strategic and heavy industries such as petroleum, chemicals and fertilizers have continued to remain in state hands.[13]

The NIEs' success in regulating foreign economic inflows to advance domestic industrialization is perhaps most evident in the experience of Korea. From 21.6 per cent of all foreign-invested firms in 1972, wholly foreign-owned firms declined to 14 per cent in 1980 and went down further to 13.3 per cent in 1984 — the lowest of the 66 countries surveyed in the proportion of foreign firms that were wholly owned. The second lowest on the list was Israel with 30 per cent, and third was Japan with 33 per cent.[14]

A third political factor is the dominant coalition underlying the NIEs' policy. This refers to tacit political agreements usually initiated by the political leadership, the development of which has depended on the strength of the private sector. In South Korea and Taiwan, the alliance was between the state and the fledgling local firms in the name of national growth. The state-owned firms in this scenario played a complementary role. This process resulted in the strengthening of national capitalist classes and the latter's extensive support to the state in return for protection from foreign competition. Rapid growth in turn provided an important pillar of legitimacy for an authoritarian or one-party dominant system. Hong Kong, as a colony, did not support its manufacturing sector while Singapore has had a political alliance between the state and foreign firms largely as a result of the weakness of the Singaporean capitalist class.[15]

A corollary of the pattern of business–state alliance has been an uninterrupted reign for strong, bureaucratic and authoritarian regimes in the NIEs. This was accomplished through the effective employment of coercive and collaborative schemes to gain the required political support for certain targets and to keep leftist forces on the defensive. Basic freedoms were curtailed and competitive means to seize power, like elections, were suspended. As cited earlier, political democracy, as practised in liberal democratic systems, did not exist in the four East Asian NIEs. Lately, some forms of political liberalization have been granted, such as in 1987 when the Korean Government called for a free national election, resulting

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in a loss for the opposition because of disunity. Taiwan's Emergency Decree, which restricted freedoms of speech, assembly and the press, was also lifted in July 1987, followed by the passage of three political laws in January 1989 stipulating competitive politics which had been suspended since 1949.[16] Since the split with Malaysia in 1965, Singapore has been ruled by Lee Kuan Yew and his People's Action Party which have maintained and enforced many emergency decrees restricting civil liberties. Hong Kong is a colony ruled by Britain through a British governor: prospects for 1997, when it will revert back to China, are still uncertain, especially after Beijing's crushing of political dissenters at Tiananmen in June 1989.

A fourth factor relates to the propitious international environment around which the NIEs' growth has occurred. The dramatic growth of the four NIEs took place in the context of transnational events and coalitions which proved to be favourable to them. Cold war politics provided invaluable economic and military assistance to South Korea and Taiwan as they fell into the U.S. security orbit as frontline allies against China and North Korea. From 1946 to 1961, South Korea received US$3.2 billion in economic and US$1.8 billion in military assistance from the United States. This constituted 11 per cent of the total U.S. aid to developing countries during that period. Taiwan received more for the same period — US$4.4 billion in economic aid and US$2.5 billion in military support. Related political shocks in the region proved to be beneficial also for Hong Kong and Singapore. The revolution in China brought Hong Kong a large supply of highly-skilled but unorganized labour, plus a significant segment of the Shanghai capitalist class with their capital and managerial know-how. These refugees from the mainland were credited with the surge of manufacturing in the 1950s and its sustainable strength thereafter. Singapore, deprived of a chance to play a commercial role for Malaysia and Indonesia, and having to contend with the British withdrawal, was compelled to adopt export-oriented industrialization in alliance with foreign firms.[17]

The oil crisis in 1973, though a bane to most developed countries, was a boon for the NIEs as it forced the exodus of major multinational corporations (MNCs) to the free trade zones of the four NIEs. Induced by technological breakthroughs in communication and transportation which permitted the globalization of production, and wanting to cut down on costs, these MNCs transferred the labour-intensive processes of their production to Asian processing zones which offered cheap and skilled labour, and other incentives.

Another major external factor for the NIEs' growth was the adoption by the United States of the Generalized System of Preferences (GSP) in

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1974 (sponsored by UNCTAD in 1964): this allowed tariff-free entry of the NIEs' goods to the lucrative U.S. market which accounted for no less than 70 per cent of total Third World imports of US$10.8 billion in 1983 alone. A final favourable condition was the unprecedented growth of global trade and investments in the 1970s, largely as a result of the expansion of the MNCs' subsidiaries, and the massive recycling of billions of petro-dollars by the International Monetary Fund–World Bank nexus, and other commercial creditors.[18] This helped the four NIEs, especially South Korea and Taiwan, to finance their strategic and heavy industrial projects, and to upgrade their technology.

Concluding Observations

The most important debate in development studies over the last decade has been concerned with the appropriateness of market-oriented policies in solving the problems of backwardness. The four East Asian NIEs are often cited as models of the benefits of liberalization — development miracles that might be replicated elsewhere. Development models, however, as discussed in this article, cannot be simply packages of policies; they are configurations of national and international political–institutional and cultural events.

Be that as it may, some observations on the experiences of the four East Asian NIEs may prove instructive, as they could serve as guide-posts from which an important question will be raised about the Philippines' preparedness or unpreparedness to trek the path the NIEs have trodden to achieve growth. They are as follows:

1. The critical role played by the state in the East Asian NIEs in export-oriented industrialization. The state set the developmental targets; extracted and distributed the required resources; engaged itself in heavy industries; induced and regulated foreign investments, and nurtured and protected local firms against foreign competition during the import-substituting industrialization phase, and provided them with other incentives during the export-oriented industrialization period.
2. The East Asian NIE state is relatively autonomous from the pressures of partisan interest groups. This political autonomy is decisive, accounting for the successful decisions and auspicious turning points, such as when incentives were restructured and a new growth coalition was forged. Land reform, the lowering of wages, devaluation, the rise of interest rates, and other bold measures were successfully carried out because of this insulated character of the bureaucratic authoritarian regime.
3. The East Asian NIE state élites were guided by an economic nationalist developmental liberal ideology geared towards the world market. This

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ideology is different from the inward-looking mercantilism of several Latin American planners and from the doctrine of free trade propounded by the Smithean developmental economists. The East Asian NIEs had *dirigiste* bureaucracies capable of extracting and channelling resources to targetted industries, and selectively altering and sequencing the system of industrial incentives, including those to foreign investors.

4. The East Asian NIEs, notably South Korea and Taiwan, implemented swift, and far-reaching land reform. This measure terminated the rule by landlords in the countryside, liberated rural labour and output for industry, and resolved divisiveness in the countryside.
5. The East Asian NIEs made economic growth the first priority. Non-growth goals such as civil liberties, high wages and competitive politics were subordinated. This meant a long period of authoritarian rule and the defeat or, at least, acquiescence, of political opposition, labour unions and leftist parties and groups. Only after economic growth was achieved was some liberalization allowed.

From these aforementioned lessons from the NIEs' developmental experience, a question can now be raised: is the Philippines capable of assuming the same developmental role performed by the NIEs? Offhand, the Philippines shares striking similarities with the NIEs in their strategies, suggesting a similar commitment towards industrialization. For one thing, the Philippines, like that of the NIEs, also had a fairly long period of authoritarian rule during the Marcos regime (1972–86) under which state intervention in the economy was pronounced. In terms of economic policy, the Philippines also adopted the import-substituting industrialization model under President Carlos Garcia's "Filipino First Policy" in the late 1950s, before it shifted to export-oriented industrialization in the 1960s with *de facto* peso devaluation during the term of President Diosdado Macapagal. It then became bolder in pursuing this second type of industrialization with the enactment of the Export Incentives Act and the setting up of free trade zones under President Marcos in the 1970s and afterwards.[19] Similar to South Korea and Taiwan, the Philippines resorted to massive borrowing in the name of industrialization, resulting in an average annual increase of 20 per cent in its external debt between 1973 and 1983. That the usually business-minded and critical IMF–World Bank and commercial creditors were persuaded to extend huge loans to the regime's projects also indicated that the Marcos regime was not exactly bereft of technical competence to draw out material support, particularly from external sources. Moreover, the Philippines also received substantial economic and military support from the United States, being the latter's close anti-communist ally, and the host of two of the biggest U.S. military bases in the Asia-Pacific region.

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Why, then, did the Philippines fail when the NIEs were to succeed? This is a difficult and contentious question which Filipino economists and other scholars have yet to fully explore and arrive at a greater degree of consensus and certainty. Thus far, three articulated views, each pinpointing what it perceives to be the major cause of the Philippine development debacle, can be discerned: first, the neo-classical theory which claims that it is primarily the technical errors in policy and monetary management which sacrificed the country's comparative advantage, such as continued over-valuation of the peso, which made exports uncompetitive and only encouraged importation that benefited a few favoured firms and jeopardized export-oriented industrialization; secondly, the rational theory which argues that it is mainly due to the faulty decision-making process under the Marcos regime, and the latter's scandalous profligacy; and, thirdly, the statist theory, which points to the reactionary and pliant state and its foreign patrons and partners (the United States and the IMF–World Bank) which frustrated developmental efforts by the continuous extraction of social surpluses away from industrialization in favour of an agragrian and foreign-dependent economy.[20]

The third view, though at times rhetorical when espoused by some of its leftist adherents, is by far the most integrative and theoretically coherent. It is useful in explaining why erroneous economic policies, pointed out by neo-classicists to be the major cause, were perpetuated to the point of crisis, such as what happened in 1984–85, and why these same contradictory schemes have seemed to linger under a different and supposedly better post-Marcos decision-making structure, which for the rationalists is the key issue. For the statists, the difference between the NIEs and other would-be NIEs, like the Philippines, lies not in the divide between state intervention and a free market because both have intervened continuously, but in the nature of the state which greatly determines the nature of policy and the methods of its implementation. The political economy approach of the statists helps them to situate technical aspects of policy in the broader context of what they perceive to be the sustaining bases of recurring economic and monetary policy errors from the fifties up to the present. Manuel Montes has argued that it is on this basis that the feudal and colonial modes in the Philippines have survived and prevailed. In contrast to South Korea and Taiwan where feudal groups opposed to national economic integration and industrialization were defeated by a coalition of reform-minded military establishment and nascent capitalist forces through state-initiated measures, such as land reform, landlords in the Philippines, in collaboration with the United States, have dominated both the country's economy and its extra-economic means (state apparatus, legal process, and culture).[21] This control of the country's political economy

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has, in turn, ensured the perpetuation of a basically agrarian and foreign-dependent economy consistent with the parochial interests of Filipino landlords and their foreign partners.

Under this premise, the Philippine state has been sapped of a developmental role. Whatever sweeping measures or policies it had adopted in the past, such as import-substituting industrialization or export-oriented industrialization, or land reform, were inevitably tampered with or discarded to preserve the élites' conservative interests. This explains the appropriation of social surpluses away from industrialization in favour of the sectarian interests of a few Filipino groups and their foreign patrons on the one hand, and the economic stagnation and general backwardness of the Philippines, on the other.

Profits from both import-substituting and export-oriented industrialization, as well as from foreign loans were not reinvested in innovative domestic manufacturing enterprises. Instead, these were appropriated to benefit the business activities of a few favoured "industrialists", hoarded in foreign deposits, or spent by the local ruling élites to maintain extravagant life-styles. The foreign partners at the same time remitted huge profits to their mother country, thus worsening the decapitalization of the economy.[22] The extensive domination of foreign capital over the economy and the pitiful level of industrialization, and science and technology, after thirty years of so-called developmental policies, have perhaps dramatized the dubious commitment and competence of the Filipino state élites to make the country an NIE. Whereas South Korea and Taiwan combined import-substituting and export-oriented industrialization strategies to nurture and develop their own world-class industries, the Philippines has only created what seems to be retarded industries, dependent on foreign inputs, and which cannot compete without state patronage and protection. In one sense, these "severely oligopolized domestic industries" indicate that industry, under the dominant feudal and colonial mode, has become another arena in which control over politicial power has guaranteed control over social surpluses.[23]

Apart from industrialization, land reform has also been circumscribed by the conservative and parasitic interests of the Filipino state élites. What was proclaimed as an "emancipating" agrarian reform in 1972 turned out to be a mere ephemeral programme when Marcos forged an alliance with fellow landlords whose estates he spared in exchange for support for this authoritarian regime. The landlords' rule in the countryside was consolidated with the strong hand of the dictatorship freely used against farmers demanding agrarian reform along with other political dissenters.[24] A remarkable consequence of the élite's resistance to land and other democratic reforms has been the dramatic growth of a communist-led

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rural-based armed insurgency during the Marcos regime. This phenomenon in a way demonstrates the oddity of the backward political and economic system in the Philippines, that has sustained Asia's largest ongoing communist-led armed revolution, compared to its Asian neighbours who have created the conditions for more peaceful and civilized methods of conflict resolution. The Filipino state élites, by firmly holding on to their feudal stakes and closing off peaceful forms of expressing dissent and power-sharing, have certainly played a critical role in making armed struggle relevant in the Philippines.[25] Much has changed since the overthrow of the Marcos regime but much of these same compelling conditions have also remained. In fact, they appear to be worsening, with the inability of the incumbent administration of President Corazon Aquino to undertake basic social and economic reforms. Nowhere is the government's incompetence more evident than perhaps in its controversial and increasingly emasculated Agrarian Reform Program, under Republic Act 6657.[26]

Basic reforms in the political economy of the Philippines are obviously required if the country is to become an NIE, much less to simply turn its economic stagnation into a slow and steady rate of growth. These changes may take the form of alterations suggested by Montes, which include genuine and swift agrarian reform, nationalization of private monopolies, and assertion of social control over foreign companies. Montes argued that these schemes were needed to eventually replace the present feudal private sector with a real Filipino private sector that will have a stronger material interest and capability to develop the country's productive forces and industry.[27] Despite the boldness of his proposals, Montes has failed to stipulate how these radical schemes can be realized, especially in the present context where these measures are strongly resisted. Apparently, these alternative strategies can be better undertaken by a strong state, different in composition and orientation from that which now exists. Given the present balance of political forces, tilted heavily in favour of traditional power-wielders, prospects for proposals to make the Philippines an NIE before the year 2000 appear quixotic. Nonetheless, these issues raised by the statist school are important considerations for Filipino developmental planners and workers to seriously ponder on. As it stands, however, the future for the Philippine economy does not appear bright.

NOTES

* This is a revised version of a paper presented to the National Economic Development Authority's (NEDA) Seminar on Orientation for NEDAns, held in Pasig, Philippines, on 18–20 October 1989.

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1. It should be noted that Singapore is in Southeast rather than East Asia. Some authors refer to the four countries as newly industrializing countries (NICs) rather than NIEs. The latter term gained prominence because of China's insistence that Taiwan is not a separate state but only one of its provinces. Hong Kong is also technically not a nation-state but a British colony, and is expected to revert back to China in 1997.
2. E. Lee, ed., *Export-led Industrialization and Development* (Geneva: International Labour Organization, 1981), pp. 20–22.
3. Bela Bellasa, *The Newly Industrializing Countries of the World Economy* (New York: Pergamon, 1981), chapters 1–3.
4. Edward Chen, "Asia's Newly-Industrializing Countries in Transition", *Korean Journal of International Studies* 19, no. 2 (1988): 240–42.
5. Richard Grabowski, *Taiwanese Economic Development: An Alternative Interpretation in Development and Change* (New Delhi and Beverly Hills: Sage Publications, 1988), pp. 53–67.
6. Ibid.
7. Ibid.
8. Russel Mardon, "The Bureaucratic Authoritarian Industrializing Regime and the Case of the Republic of Korea", *Korean Journal of International Studies* 19, no. 4 (1988): 565–68.
9. John Macomber, "East Asia's Lessons for Latin American Resurgence", *World Economy* 10, no. 4 (December 1987): 473–74.
10. Clive Hamilton, "Capitalist Industrialization in Asia's Four Little Tigers", *Journal of Contemporary Asia* 13, no. 1 (1983): 49–59.
11. The role of strong and interventionist governments to the developmental experiences of East Asian countries have been explored by various works. See Chalmers Johnson, "Introduction: The Taiwan Model", in *The Taiwan Experience, 1950–1980*, edited by James Hsiung (New York: Praeger, 1980); and Colin Bradford, "East Asian Models: Myths and Lessons", in *Development Strategies Reconsidered*, edited by John Lewis and Valeriana Kallab (Washington: Overseas Development Council, 1986), pp. 115–28.
12. Mardon, op. cit., p. 569.
13. Stephen Haggard and Tun-jen Cheng, "State and Capital in East Asian NICs" (Berkeley: Institute of International Studies, University of California, 1987), pp. 113–16.
14. Cited in Mardon, op. cit., p. 591.
15. Haggard and Cheng, op. cit., pp. 116–20.
16. Republic of China Celebrates 78th National Day Statement; "Competitive Politics: Search for Consensus", *Philippine Daily Globe*, 10 October 1989.
17. Stephen Haggard, "The Newly Industrializing Countries in the International System", *World Politics* 38, no. 2 (January 1986): 343–70.
18. Ibid.
19. Romeo Bautista, "The Turbulent World Economy and the Industrial Development Strategies in the Eighties", *Journal of Philippine Development* 16, nos. 1–2 (1982): 15–17. See also Alejandro Lichauco, *Nationalist Economics: History, Theory and Practice* (Quezon City: Institute for Rural Industrialization, 1988), pp. 170–230.
20. For the first and second views, see Bernardo Villegas, *Economics and Society: Policy Perspectives for the 1990s* (Manila: Sinag-tala Publishers, 1989). For the third perspective, see Manual Montes, "Overcoming Philippine Underdevelopment", *Third World Quarterly* 2, no. 3 (July 1989): 107–19; and Robin Broad, *Unequal Alliance, 1979–1986: The World Bank, the International Monetary Fund, and the Philippines* (Quezon City: Ateneo University Press, 1988).

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For a critical and more extensive discussion of these contending views on the NIEs' growth, see Gary Rodan, "State, Capital and Industrialization in NICs: Implications for Industrial Policy in Australia", *Australian Outlook* 42, no. 1 (April 1988): 37–48.

21. Montes, op. cit., pp. 110–11.
22. Walden Bello, et al., *Development Debacle: The World Bank in the Philippines* (San Francisco, California: Institute for Food and Development Policy, 1982), pp. 127–62.
23. Montes, op. cit.
24. Bello, op. cit., pp. 68–112.
25. Apart from the effective strategy and tactics of the Communist Party of the Philippines and its military arm, the New People's Army, it is argued that the indiscriminate state suppression of legal and open forms of political dissent has played a distinct role in persuading many Filipinos to take the far riskier method of armed struggle offered by the communists. See Gary Hawes, "Theories of Peasant Revolution: A Critique and Contribution from the Philippines", *World Politics* 42, no. 2 (January 1990): 261–98.
26. The lead agency for RA 6657, the Department of Agrarian Reform (DAR), had since 1986 changed its head four times because of scandals and controversies. Acting DAR Secretary Benjamin Leong testified in May 1990 before the House Committee on Agrarian Reform that only 0.8 per cent of private agricultural lands, which are the DAR's main target, has been so far covered by the programme. For the voluntary-to-offer claims alone, he estimated that it would take him 24 years to act on the pending 8,634 applications. *Business World*, 18 May 1990.
27. Montes, op. cit., pp. 113–18.

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Book Reviews

***Conflict Resolution in Kampuchea: Proceedings of the Third International Conference on Indochina.* Edited by Donald Hugh McMillen.** Brisbane: Centre for the Study of Australia-Asia Relations, Griffith University, August 1989. 151 pp.

The roller-coaster road of peace-making in Cambodia received much attention in the international media in 1989. When the Cambodian peace talks opened in Paris in July of that year, despite the difficult issues involved, there was a fair amount of hope for peace in Cambodia which has been at war since 1970 when Prince Norodom Sihanouk was removed from power. The failure of the talks demonstrated that peace in Cambodia was still far off because of the divergent views among the Khmer factions.

With the background of the failure of the Cambodian peace talks in Paris, this monograph is of immense value in understanding the complex issues involved in the Cambodian peace-making process and in explaining why peace in Cambodia has been so elusive. This volume (published at the same time the Paris talks ended in failure in August 1989) identifies the issues in dispute among the Khmer factions and suggests ways and means of bringing peace to Cambodia. The monograph is a collection of three papers presented at the plenary sessions of the Third International Conference on Indochina (funded by the Australian Department of Foreign Affairs and Trade) which met at Kooralbyn, Australia, from 24 to 28 January 1989. Written by Nayan Chanda (a correspondent with the *Far Eastern Economic Review*), Dr Carlyle Thayer (of the Australian Defence Forces Academy), and Dr Noordin Sopiee (of the Institute of Strategic and International Studies, Malaysia), the three keynote papers deal with

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essential issues which must be addressed in connection with finding peace in Cambodia:

— national reconciliation among the Khmer factions;
— a monitoring of the withdrawal of foreign troops from Cambodian soil and a neutralization of that country; and
— the question of the exercise of the right of self-determination by the Cambodian people.

Remarkably, the three authors and the discussants agree on a number of vital points concerning peace in Cambodia. These are: 1) that Cambodia should become an independent, sovereign, neutral and non-aligned nation; 2) that it should not pose a threat to any of its neighbours; 3) that the Khmer Rouge must not be allowed to return to exclusive power in Phnom Penh; 4) that a government of national conciliation should be formed perhaps with Prince Sihanouk as its head; and 5) that there should be some sort of international guarantee of the Cambodian peace agreements. However, as the negotiations in Paris demonstrated, the Khmer factions found it impossible to agree on the nature of a government of national reconciliation. While the Coalition Government of Democratic Kampuchea (CGDK) argued for a quadrapartite government, the Phnom Penh regime stood for a council of national reconciliation responsible for holding elections in Cambodia.

Although the conference provided a useful forum to foster constructive dialogue and interaction among the participants, it was not aimed at solving the Cambodian problem. Nor was it directed towards making decisions for various groups/governments involved in the Cambodian peace talks. However, as the working papers and discussants' comments in this book suggest, the participants were successful in bringing out constructive and useful ideas about peace-making in Cambodia. This monograph is a must for those who are anxiously watching the process of peace-making in Cambodia.

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***Singapour 1959–1987. Genese d'un nouveau pays industriel [Singapore 1959–1987. Origins of a newly developed country].* By Jean-Louis Margolin.** Paris: Editions L'Harmattan, 1989. 315 pp.

The author starts from the assumption that "the case" of Singapore is right in the centre of today's international controversies on the future of the Third World: "For the advocates of (economic) liberalism it is a model, perhaps *the* model". In his conclusion, the author concedes that

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Singapore is a model with regard to the "homogenization of a society in its cultural, political and mental expressions, in the common goal of effort, work and development of a modern capitalist economy" (p. 281). A model, however, of rather limited value: being a city-state without a rural hinterland, but with a not very complex, laicistic, change-oriented society, Singapore is more or less unique. The author suggests that Singapore could be a model for such small entities as Hong Kong or Bahrain. The only attempt so far to apply the Singapore model to another country (Sri Lanka) is, however, regarded as a failure.

The author takes us by surprise by suggesting that Singapore could indeed be perceived as a "partial" model for the aging industrialized countries of the West. In his view, Singapore is perceived as a model, especially by Reaganites and Thatcherites who would like to run their countries based on the "economic logic of neo-capitalism prevalent at the end of the 20th century" but have been hindered in doing so because of democratic tradition and class struggle. Against this background, therefore, it is hardly surprising that the author expects that the case of Singapore cannot be applied to other cases, neither totally nor partially.

The objective of the book under review is to take a first step in filling a gap of information and to overcome, as the author calls it, "a certain provincialism" in the French debate on Singapore. Jean Louis Margolin, a specialist in the contemporary history of Southeast Asia, has undertaken four long research trips to the region between 1975 and 1984. The book, the fifth in the series "Collection Recherches Asiatiques" published by Editions L'Harmattan, is based on his doctoral dissertation submitted to the University of Paris-VII in 1982. Margolin approaches his task of analysing the "case" of Singapore by examining its pre-independence history in a more or less chronological fashion and then proceeds to an assessment of various aspects of the subject under examination. Margolin chooses an historical approach because, as he puts it, the economy is not on the periphery but at the very centre of political history.

Besides a prologue, an epilogue and the above-mentioned conclusion, the book comprises five chapters divided into two parts: Part I, dealing with "the period of uncertainties (1959–65)", and Part II, tracing "the construction of independence (1965–87)". The appendix contains a useful annotated bibliography and a series of tables providing socio-economic statistical data. The hand-drawn maps are of little help.

The prologue recalls the very dismal situation in Singapore during the 1950s as well as the rise of the then left-wing People's Action Party (PAP). The first chapter (1959–61) begins with an account of the great victory of the PAP and its pragmatic faction revolving around Lee Kuan Yew in 1959. It then proceeds to analyse the new leaders' choices of

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their economic and political options. These choices convey the image that PAP rule is the best guarantee to capitalists and anti-communists against Singapore becoming a "new Cuba". The second chapter (1961–65) describes the "death and transfiguration of the PAP". After the expulsion of the party's influential left wing, the PAP virtually stopped existing and had to be reconstructed. Needless to say, the new PAP was a fundamentally different one. Sociologically, as well as electorally, it has become a right-wing party gathering all moderates in a huge anti-communist front. With an efficient mixture of "terror and persuasion" the PAP destroys its political opposition and increases its own popularity. Lee's "leftist" attitude in the conflict with Malaysia helps to achieve this end. Despite the shock of expulsion, "independence by separation" marks, in Margolin's view, the end of the period of Singapore's political and economic uncertainties.

The core of the book rests on the three chapters of Part II covering the first two decades since independence. Chapter Three gives an overview of the newly independent city-state's major economic and foreign policy changes in order to achieve rapid development: export orientation instead of import substitution; open doors to foreign companies; partial break with the traditional links with the Malayan neighbour; construction of a strong armed forces in the face of the British withdrawal; and *rapprochement* with Western powers, especially the United States. Margolin argues that Singapore's partisan stand during the Vietnam War might have been a kind of a gigantic public relations operation in order to gain the confidence of the multinational companies. Whatever it was, Singapore successfully lured Western (especially U.S.) capitalists to invest extensively in the island, thus leading to a hitherto unknown industrial boom (since 1968).

In the next chapter, Margolin draws the picture of a "PAP state" ruled by an authoritarian regime and based on the pillars of the party, the army, the domesticated trade unions as well as the education system. If the PAP had replaced socialism by another "-ism", then, the author asserts, it is certainly Confucianism. The Prime Minister is described as a Confucian-type father who believes in being severe but fair and who prefers to educate and to persuade rather than to suppress and silence. His ideal is said to be a meritocratic regime, "a kind of intellectual aristocracy". Margolin believes that the marriage of convenience between Lee Kuan Yew and the majority of the Singaporean people is bound to continue. He concludes that Singapore's rulers have attempted a delicate dichotomy. On the one hand, they have accepted from the West its economic system, its capital, technology and know-how. On the other hand, they have conserved and retained Asian cultures and values in the face of Western types. In other words, Singapore is a free port for goods and capital from industrialized countries but not a "free land" for their cultural

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products. No doubt Singapore's model over the last decade has been Japan. But Margolin doubts whether Japan can serve as a model for Singapore's society and economy.

The fifth and last chapter concentrates on the role of multinational corporations in Singapore's economy. On the one hand, the foreign companies have brought to Singapore employment, relative industrialization, advanced technology, as well as growth in trade and services. On the other hand, there are negative effects such as dependence on foreign capital, exploitation, and low wages. Margolin focuses on the question of whether Singapore has become a puppet of the foreign companies or not. In his view, the discrimination against domestic investors in favour of foreign investors as well as the mutual penetration of government and foreign capital leads to an affirmative answer. However, the tight network of controls and regulations, enforced by a non-corrupt and efficient civil service, is a powerful means of exerting pressure on the foreign companies. Moreover, the growing role of the state as an economic actor, especially its presence in the key sectors of the economy, makes Singapore less dependent on foreign investors. Thus, Margolin perceives Singapore as a kind of condominium shared by multinational companies and the Singapore Government. The author implies that Singapore's leaders share a common long-term objective, that is, to develop an autonomous Singaporean capitalism. For him, the progressive increase in the Singaporean level of average competence reflects the will of the government to "nationalize" the foreign companies from inside: the necessary capital is available, the competence to completely replace the foreigners, not yet. This "project" could, in the author's view, elevate Singapore to the level of a developed country able to generate its own growth. In Margolin's words, "the future will show which one, either the Singaporean government or the multinational companies, made more profit from the other ..." (p. 258).

The weakest part of the book is the epilogue ("Singapore in 1987: at the crossroads?") in which the author analyses the political developments of the period 1984–87. It seems to be a kind of update since Margolin's last research trip to Southeast Asia, and is a hindrance to the logical development of the book from Part II to the conclusion.

Though one does not necessarily share Margolin's often unconventional conclusions, his book is certainly thought-provoking and stimulating. Part II, particularly, is a critical but highly interesting assessment of independent Singapore's rapid development.

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***A China Past: Military and Diplomatic Memoirs.* By T.G. Li. Written with Roman Rome.** Atlantic Studies on Society in Change, No. 58. Lanham: University Press of America, 1989. 315 pp.

This personal memoir by the eighty-year-old Dr Li is a highly original and valuable vignette of Chinese politics and society during the first half of this century. His story begins with his birth in Belgium in 1909, and ends with his arrival in the United States in 1950. Although described as "written with Roman Rome", who says in an Introduction that "the words and style are largely mine", this in no way comes between Dr Li and the reader, and it is clear on every page that "the experiences, thoughts and judgments are always those of Dr Li" (p. xii). It all rings true. Here is a loyal and patriotic son of China whose only wish was to serve his country, though fate decreed that most of his life would be spent abroad. In fact, he has been so mobile that the inclusion of a short chronology would have greatly helped readers to follow his peripatetic existence through the years, as he travelled to and from France, Vietnam, around China, Turkey, China again, and finally to America. His various posts and assignments have been no less numerous, as his qualifications encompass those of engineer, doctor and soldier. He has had a crowded life.

The French connection seems to have been the major context of Dr Li's career, and it was in that country that he gained all of his professional qualifications — in Paris, Montpelier, and at St Cyr Military Academy. This took eleven long years, and one gets the impression that he was never happier than when in subsequent years he was able to act as a liaison officer or interpreter to the French, in the service of his government. That government was firstly the Provincial Government of Kwangsi (the "Kwangsi clique"), and later the Kuomintang in Chungking. Dr Li does not hide the fact that he felt little sympathy with the Generalissimo, Chiang Kai-shek, although he recognizes that no one else could have filled his shoes as China's war-time leader. In other respects, though, he feels that Chiang's personal style of rule, and the corruption it engendered, must share the responsibility for the eventual success of the communists.

Dr Li has been a great observer. He was in China when Japan attacked in 1937. Sent to Paris in 1940, he witnessed the French collapse, and the setting-up of the Vichy government under Pétain. Back in China again he saw the communist victory in 1949. In between, he flitted about, often to Hanoi to try to establish links with the French for the supply of military aid. Then in 1947 off he went to Ankara as military attaché, with a watching brief for the whole of the Middle East. Recalled to China in 1949, shortly before the communist take-over, he seems surprised that no one

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is very interested in his views on the significance of the Titoist defection from the communist bloc.

What did all this travel and activity accomplish? It has to be said in all honesty that most of it seems to have been utterly futile and ineffectual. The ineptness was not his, however, but must be laid at the door of his political masters who sent him running about on all these errands. Their perspective was scarcely a world view, and their war was not a world war. Unconsciously, perhaps, the ground-view given by the author of conditions in China at the time, the authorities, the high command, the muddle and incompetence, cowardice and betrayal, the "old-boy network" (which he was not averse to using himself while otherwise condemning it) and factionalism at every level, amounts to a savage indictment of Chinese life and society at the time. It was rotten to the core.

It scarcely seems appropriate to speak of China's "victory" over Japan. The road was one of retreat, from Nanking to Hankow to Chungking. Dr Li's brief and unedifying military experience in the field, first as a major, then a colonel (later promotion took him to major-general) bears this out. A revealing chapter, "In Search Of A Unit", captures convincingly the atmosphere of colossal muddle that was China's military organization. Unable to obtain a field-map (General Li, the zone commander, could not spare his only one captured from the Japanese!), Major Li sets out for the headquarters of the 31st Army Corps at Peng-pu with a rucksack, suitcase, a pair of pistols, and wearing a French helmet from St Cyr. He travels by train, sampan and on foot. No one knows where the headquarters are since they pulled out, and he meets only refugees, looters and pro-Japanese collaborators. After much wandering around he returns whence he came. More of the same abortive and purposeless wanderings and postings are described in successive chapters. He meets generals who refuse orders to attack the enemy, or are consumed in feuds with each other. Now a staff colonel, Dr Li is sent to Hankow to collect a radio for his commanding officer. Told to conduct a party of junior officers and soldiers there who are retreating from the Japanese, he leaves them to continue on foot while he takes a river steamer, "and we rode the rest of the way to Hankow in fine style" (p. 155). Having all reached Hankow safely, "we were ordered to stay together to await orders" (p. 157). The billet, however, is too uncomfortable, and through the good offices of friends from Paris days, Colonel Li is soon ensconced in one of the best hotels in town. After this, and not feeling too well, he is sent off home on six months sick leave. It was a funny sort of war, and his conduct was not exceptional, but better than many. He was, so to speak, a child of his time. But victories are not won that way.

The glimpses we get of Chiang Kai-shek and his wife are not flattering.

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Dr Li's loyalty and sympathies were always with Li Tsung-jen. We are told of Chiang's habit of expressing agreement or satisfaction "by emitting a he-he or ho-ho sound, which came to be a kind of verbal trademark" (p. 179). Mrs Chiang was "extremely proud of her English" (p. 172), but when she decides to learn French from a French Catholic priest Dr Li's ready susceptibilities are offended. "Could it be that Madame Chiang did not wish to be beholden to a mere Chinese?" (p. 188). He suspects her of wishing to displace other interpreters. In this book the author shows himself excessively sensitive to any imagined slight, especially from foreigners (mainly French in this case). The word "chinoiserie" for him indicates some kind of contempt or disdain, instead of *objets d'art* of an oriental kind. "French military men who had served in the Far East were often heard to say that when they had fought Chinese they had too often seen only their backs" (p. 32). He also refers to "the English slang expression 'Chintoc', which probably meant China dog" (a new one to me!). On the other hand, when he receives marks of favour and regard they are very well received, almost to the extent of gratitude, so that one might see him as a Frenchman *manqué*. When he receives the Rosette of the Legion d'Honneur from Marshal Juin in Chungking in 1946, the first member of his class at the Military Surgeons' School at Lyons to be so honoured, and presumably kissed French-style on both cheeks, "I was indeed thrilled by the gesture" (p. 249). The reverse side of the coin of suspected slight is often the wish to be accepted as "one of them".

Basically, it is a sorry tale that Li has to tell, of a country and a government in serious decline. Nevertheless, he himself rose high in the service of the state, a good and faithful servant. With the end of the war, he was given the task of organizing the Foreign Intelligence Section of the government, and became privy to policy-making over a wide area. He was then sent to Turkey for two years as military attaché. When he was recalled in 1949, he became ADC to Acting President Li Tsung-jen in Canton. He made a last journey to Saigon to try to enlist French aid. But it was all too late. Inflation, corruption, fatalism were rampant. The army was deserting to the communists, and Chiang Kai-shek was already in Taiwan. The show was over, and like his patron Li Tsung-jen he made his way to the United States. One is left wondering whether Dr Li will also follow his patron in returning to the land of his ancestors for his final journey.

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Introduction

In 1989 the Regional Strategic Studies Programme (RSSP) of the Institute of Southeast Asian Studies launched its first major research project on the wider security scenario in the Asian-Pacific region entitled "Major Asian Powers and the Security of Southeast Asia". It is aimed at forming a better understanding of the emerging role of the Asian giants, China, India and Japan, and the changing strategic relationships that are the result of shifts in both the global and regional power structures. Some of the studies that were undertaken in the first phase of the project have been assembled as articles in this special focus issue, while two special contributions from a leading Indonesian statesman and a Cambodian official have also been included. The project has benefited greatly from a grant from the John D. and Catherine T. MacArthur Foundation. ISEAS would like to thank the MacArthur Foundation for this most welcome and timely assistance. However, the conclusions of the present study remain the responsibility of the authors and their views do not necessarily reflect those of the MacArthur Foundation or ISEAS.

The Editors

ERRATUM: The Editorial Committee would like to apologize for the inadvertent error in the international boundaries of Malaysia and Indonesia in Kalimantan as given in the map entitled "The South China Sea Islands" that appeared on p. 21 of Volume 12, no. 1 (June 1990).

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Contemporary Southeast Asia, Volume 12, Number 3, December 1990

Some Thoughts on ASEAN Security Co-operation: An Indonesian Perspective

MOCHTAR KUSUMA-ATMADJA*

The likelihood of a significant reduction of the current U.S. military presence in the Asian-Pacific region and the eventuality of a settlement of the long-drawn-out Kampuchean question has triggered a rethinking of the state of relations among the countries in Southeast Asia. One central concern has been in the area of regional security co-operation, an almost-proscribed issue among the ASEAN governments. This article proposes the formation of a three-power defence arrangement among Malaysia, Singapore and Indonesia — an initial stage leading to the institutionalization of defence and security co-operation within ASEAN, the replacement of extra-regional security arrangements and a first step towards the realization of ZOPFAN. The proposal advances the concept of a three-nation security framework that will in the end enhance regional self-reliance and political stability.

Increased security or military co-operation among the member countries of the Association of Southeast Asian Nations (ASEAN), at least between Indonesia, Malaysia and Singapore, in the last ten years is a readily observable fact. It is likely that such co-operation will continue in the near future.

Equally clear, however, is a scrupulous adherence until now to one theme: that all the forms of exchange (data, intelligence), standardization (equipment, procedures), co-operation and exercises are essentially bilateral (or trilateral) in character and do not amount to the existence of ASEAN security or military co-operation in a formal sense.

There has been, in other words, a definite lack of political will for official ASEAN security or military co-operation. Put differently, there

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seems to be a deliberate and definite policy against admitting the existence of ASEAN military co-operation of an organized character. The resistance comes mainly, though not exclusively, from Indonesia.

There are several possible answers or explanations for this. Subjectively speaking, they are (for Indonesia) historical (ideological-political), conceptual, and pragmatic (economic). The truth may be that it is a little bit of everything.

The sentiment against military pacts or the forming of other kinds of security agreements is deeply ingrained in the minds of the Indonesian body politic, and goes back into its history of the struggle for independence. This historical experience of staying free and independent of the two contending power blocs in the late 1940s helped shape Indonesia's independent foreign policy, the basis for Indonesia's non-alignment. This belief was strengthened by attempts by both superpowers to interfere in Indonesia's domestic politics, causing strains and upheavals, which in turn further strengthened this belief, turning it into conviction. The low level, non-institutionalized form of military co-operation at present between Indonesia, Singapore and Malaysia is all that Indonesia, with its modest gross domestic product (GDP) and low per capita income, can afford. Although very modest in terms of financial outlay, Indonesia's contribution in terms of the provision of training grounds (for the Republic of Singapore Air Force), marine space for naval exercises, and political goodwill in general towards military exercises with its neighbours is of incalculable value to the process of confidence building and in establishing a core of professionally trained military personnel and units familiar with neighbouring military capabilities, procedures and thinking.

This shared experience, especially between the armed forces of Indonesia, Malaysia and Singapore will prove very valuable for the future build-up of an ASEAN military capability if and when the political decision to do so is taken.

We, in Indonesia, are happy with the present situation described above as, besides being affordable, it is also a policy which suits our thinking about security and political stability in the Southeast Asian region. The political leadership in Indonesia apparently also feels that prematurely increasing arms and defence spending is unwise as defence spending often acquires a logic and momentum of its own which is difficult to control once it gets going.

Indonesian military thinking makes a clear distinction between the concept of security and defence. Though distinct, they are not unrelated. Of the two, security is the most comprehensive concept. It includes disturbances against internal security of a political nature, that is, sedition, secession or rebellion, and also includes common crimes. Whereas acts

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against the criminal code and public order are a matter for the police, internal disturbances of a political nature are more complex and form a border area merging into the realm of the military. Even in colonial times, the area of internal disturbances was blurred and dealt with by special military units with constabulary functions (*marechaussee*). Since independence, the Indonesian army has had a long tradition of dealing with insurgency, rebellion and subversion, all of which are forms of internal security disturbances.

The Indonesian term for security is *keamanan*. Defence or *pertahanan* is a term usually reserved for an armed attack from the outside by foreign forces. A third term generally used in Indonesia is *ketahanan nasional* or national resilience. The concept of *ketahanan nasional* is very similar to the Japanese concept of comprehensive security. Indonesia's long history and experience with internal disturbances, sedition and rebellion has made the Indonesian political leadership very much aware of the importance of internal political stability. Indonesian emphasis on the need for the achievement of regional resilience through the enhancement of each ASEAN member's respective national resilience is a reflection of Indonesia's own historical experience. Internal disturbances rooted in poverty, especially in the rural areas, are, in the Indonesian view, the principal source of political instability in the Southeast Asian region. Because of its historical experience and relative isolation as a nation surrounded by seas, Indonesia does not see an open attack by an outside power as a matter of primary or immediate concern. As national resilience for a newly independent developing country is the most important concept of the three mentioned above, Indonesia's emphasis on national resilience in its thinking on regional co-operation is understandable.

The best way to enhance national resilience is national development, that is, the development of society in the economic, political, social and cultural sense. Conceptually, therefore, the Indonesian leadership feels that assistance to the national development process, thus eradicating poverty and backwardness as the root causes of internal disturbance is the best way of enhancing national resilience.

This philosophy underlying the thinking on regional stability on the part of the largest and most populous Southeast Asian nation is very agreeable to Japan. As economically the most powerful nation in Asia, and under pressure from the United States to do more for the developing countries, Japan can, with some justification, say that by assisting the national development of the ASEAN member countries through economic assistance and trade, it is making an important contribution to the political stability of Southeast Asia. Japan is, thereby, resisting pressures from the United States to spend more on arms and defence

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and assume a policeman's role in East Asia. It is fair to predict, however, that the pressure on Japan will continue as the United States, for economic and increasingly political reasons, is domestically pressured to decrease its defence burden, including that in East Asia.

All these developments, besides the impending draw-down of the superpowers' military presence over the next five to ten years, are reasons for believing that the comfortable situation in maritime Southeast Asia, with regard to military tension, is gradually changing. We in Indonesia, Malaysia and Singapore have been fortunate in that we were able, through imaginative diplomacy aided by geography, to escape the strife, turmoil and conflict raging on mainland Southeast Asia. We may no longer be able to do so and even the five- to ten-year time-span envisaged by this author may be a miscalculation.

The writing of this paper was prompted by recent statements on ASEAN security co-operation, coming from two ends of the ASEAN security thinking spectrum. One was a statement by this author in August 1989 that ASEAN should at least start thinking about an organized form of security co-operation, to be realized (perhaps) in the next five to ten years. The idea behind the statement was that, if and when foreign military presence is withdrawn, ASEAN would be ready to take up the burden of defending itself.

The other was the statement made in Manila by Philippine Foreign Secretary Manglapus in July 1990, one week before the ASEAN Foreign Ministers Meeting, which essentially said that the burden of providing military bases for the United States in the region should not be borne by the Philippines alone if it is recognized that the U.S. military presence is important for the political stability of the Southeast Asian sub-region as a whole.

The Indonesian statement reflects the viewpoint of a country which believes in self-reliance as a basic tenet of a nation's life and existence, including matters of national security and defence. Its rejection of foreign military presence, dominance or even interference is not only ideologically determined but has also been historically tested and reaffirmed. Foreign military presence in the region — including that which is the result of a historical legacy — are a fact of real life to be tolerated or dealt with pragmatically. It is not something to be perpetuated.

According to this viewpoint, ASEAN self-reliance in matters of security and defence is a legitimate goal which should be striven for, taking into account several objective factors, namely, 1) the realities of the international political situation; 2) affordability; and 3) political feasibility and acceptability within the domestic political constituency. The period of five to ten years has been mentioned as a possible time-span

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within which the impediments implicit in the factors enumerated above could be overcome.

The basic assumption, of course, is that the present state of ASEAN political co-operation and amity will endure.

The Manila statement by Secretary Manglapus reflects a completely different factual situation. Although basically perhaps sharing other ASEAN members' views on security and defence matters for the region, the Philippines is faced with the simple fact of having to deal with the reality of the existence of U.S. military bases on its soil. It believes, rightly or not, that the American military presence in the region is essential for the political stability of the region and consequently implores other ASEAN member countries to help "share the burden" of that presence. Considering the fact that national sentiment against the presence of military bases in the country seems to be very strong and often forcefully expressed, the appeal made to other ASEAN member countries seems rather strange.

Whatever the merits of the role of the U.S. military presence in containing the communist threat in Asia, the argument has lost much of its persuasiveness since the turn-around of U.S. policy on China in 1973, with the attendant disastrous consequences for Indochina (Vietnam), the aftermath of which we are still busily contending with today. It may still be true for Northeast Asia, but is it really true for the rest of Asia? Where will the United States stand in the case of conflict between the countries of Southeast Asia or ASEAN and China? Although, at present, not probable, this is a real possibility considering the past history of Chinese political adventures in Indonesia, Malaysia and mainland Southeast Asia.

One does not question at all the importance of the U.S. military presence in the Philippines in the context of *the* maintenance of *global peace and security*. The question of the need for unimpeded transit passage of the U.S. Navy through the straits of Southeast Asia (including archipelagic transit passage through the Indonesian archipelago), which was solved legally in the 1982 Law of the Sea Convention, and the continued U.S. military presence in South Korea with supporting bases in Japan and the Philippines have to be seen in this light.

But as for Southeast Asia, the impression is that it never has been very prominent in the way the United States perceives politics and power equations in Asia. Policy decisions and statements on the Southeast Asian sub-region have always been made almost as an afterthought, after having sweated through formulating a policy on China. With the increased prominence of Japan, maybe Southeast Asia is also an afterthought to them. In U.S. strategic thinking, the Southeast Asian region and ASEAN do not seem to be a foreign policy focus for their own sake as independent

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factors on the Asian political scene besides China and Japan. This explains the impression one gets of improvization when it comes to U.S. policy on matters relating to Southeast Asia.

Because of all this, the statement of the Philippine Foreign Secretary did not get an over-enthusiastic response. The draw-down of forces from Asia by the superpowers, dictated by recent developments in the USSR and Europe, and the parlous state of China's economy and its apparent lack of enthusiasm and decreased ability for foreign adventures add to the problem. There is thus a lack of urgency to answer to the desperate plea. It is somewhat of a dilemma because, somehow, some appreciation should be shown for the well-intentioned past services of the global policeman in Asia whatever its particular merits for the Southeast Asian sub-region. The recent gestures of Singapore and Brunei in offering facilities short of military bases are, therefore, well considered and well taken.

The recent statement by the Philippine Foreign Secretary at the ASEAN Foreign Ministers' annual meeting in Jakarta no longer emphasized the *burden sharing* aspect but was much broader in scope, linking the need for ASEAN security co-operation with the withdrawal of the superpowers from the region.[1]

The question, therefore, is not to try to continue to hang on to the receding U.S. military presence in the region implicit in the "burden-sharing" argument, but what we in ASEAN should do for ourselves and by ourselves to fill the impending vacuum.

Having said all this, what are the arguments for starting the exercise of more systematic thinking on a more organized or institutionalized form of ASEAN security and military co-operation in, let us say, the next ten years?

Considering the present realities of development in international politics in the Southeast Asian sub-region, speaking of ASEAN military or security co-operation may look like putting the cart before the horse.

ASEAN cohesion and political solidarity, slowly built up over a decade since the end of 1978, was dealt a rude blow by Thailand's turn-around on the Kampuchea question in 1988. Prime Minister Chatichai's gyrations since then have seriously undermined ASEAN credibility.

That it has not been fatal to ASEAN's continued existence is due to the consummate skill of ASEAN diplomacy and patience on the part of the other ASEAN leaders and the need to present a serene demeanour to the rest of the world. It is further testimony to the strength and resilience of ASEAN. The fact is that ASEAN is important to Thailand, whether the Thais recognize it or not, at least as a counter-weight to other powers in continental Southeast Asia, such as Vietnam and China.

Hopefully, Chatichai's view does not accurately reflect Thailand's

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thinking on the problem. His pronouncements on "Suwannaphume" as a Thai sphere of influence encompassing Burma in the west and Vietnam in the east reveal Thailand's possible ambitions or perceptions of its role in Southeast Asia, casting doubt on Thailand's commitment to ASEAN, carefully nurtured by previous governments, especially that of former Prime Minister Prem Tinsulanonda.

Thailand's commitment to ASEAN is important as it guards the gate to the Malay peninsula which, as experience during World War II has proven, is critical to the defence and security of maritime Southeast Asia.

A second serious set-back recently was the U.S. turn-around on Kampuchea. Although it was another serious blow to ASEAN's political credibility internationally it has not shaken nor changed its basic position on the question of Kampuchea and other matters related to Indochina. It is further proof that in U.S. foreign policy calculations ASEAN interests, concerns or even sensibilities do not rate very highly. This time an accommodation with the USSR (on Afghanistan, Cuba, etc.) apparently took precedence, with domestic pressure in the United States tipping the balance.

The lesson to be drawn from the above is that responsibility for serious thinking and (long-term) planning on the security of Southeast Asia falls mainly on Indonesia, Malaysia and Singapore, the three ASEAN countries which, despite all their differences, have proven their firm commitment to ASEAN and have been sufficiently like-minded on important ASEAN matters. As matters progress and faith in ASEAN's viability strengthens, the other members may be interested to join in.

Conflicts occurring in the Southeast Asian sub-region can be categorized into: 1) internal conflicts, 2) international conflicts between neighbouring countries, and 3) conflicts between the superpowers, using Southeast Asia as a theatre.

Internal conflicts occurring in the ASEAN member countries need not disturb the peace and security in Southeast Asia if contained within their borders. The Malayan Emergency and various rebellions in Indonesia had only local effects.

Global conflicts between the superpowers using the Southeast Asian sub-region as a theatre of war are not likely to happen, especially as tension between them has decreased dramatically during the past year.

By negotiating transit passage arrangements through the Indonesian archipelago with both superpowers, Indonesia has decreased considerably the potential for conflict over the use of sea lanes by the superpowers.

The concepts of ZOPFAN (Zone of Peace, Freedom and Neutrality) and the Nuclear Weapons Free Zone for Southeast Asia, both espoused by ASEAN, are designed to ensure that the Southeast Asian sub-region

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is and remains an area of peace, freedom and neutrality both in time of peace and in time of (nuclear) war.

The 1980s was the decade which showed the decline and eventual demise of ideology and the limitation of the use of force. It also exposed the utter folly of the nuclear arms race which only managed to bankrupt the economies of the superpowers engaged in it.

The end of the conflict in Kampuchea may be the start of the realization of ZOPFAN. It is an idea for which the time has come.

The real danger for Southeast Asia lies, therefore, not in a superpower conflict occurring in the region but in international conflicts, either between neighbours or between the Southeast Asian countries and one of the emerging powers in Asia with hegemonistic ambitions. Possible candidates for regional hegemony are China, India and Japan. Japan, which has the potential, has neither the need nor the inclination to become a dominant military power in the region. This author thinks that, considering its huge investments in the ASEAN region, Japan will not be averse to a militarily strong ASEAN able to defend itself, thereby lightening the burden of defending East Asia which the United States had contemplated to be Japan's responsibility as part of the "burden sharing" concept. Such a possibility seems preferable to the U.S.-proposed idea of Japan as a policeman for this part of the world which was abandoned after strong objections from Southeast Asian countries. None of the three candidates is a threat to Southeast Asia in the very near future. But things could change in five to ten years.

The enhancement of ASEAN political cohesion and military capability should be undertaken with this future potential threat in mind; also, to enforce the neutrality ASEAN stands for, if it implements ZOPFAN.

For the present, the potential sources of conflict are of a much more mundane character and limited to conflicts between neighbours. The potential for these low-level conflicts between neighbours, can be grouped into the following categories:

1. boundary questions, including conflicting claims on territory or over jurisdiction;
2. exploitation of resources living (fish) as well as non-living (minerals) in border areas, adjoining continental shelves or exclusive economic zones; and
3. movement of people and goods across established boundaries.

Armed conflict between developing countries, as most ASEAN member countries are, is a serious misallocation of resources although some training benefits for the armed forces involved cannot be denied.[2]

It is wise, therefore, to defuse the potential for conflict over these matters, as we believe that there is nothing that cannot be solved through

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musyawarah dan mufakat. The recent offer by President Soeharto to share fisheries resources in the Indonesian Exclusive Economic Zone (EEC) with Thailand is a good example of the ASEAN spirit of co-operation.

Where non-ASEAN Southeast Asian neighbours are involved, it might be useful for the ASEAN member countries to have a discussion among themselves first, to try to reach an understanding (the Spratlys and Paracels). Involving a non-interested (non-involved) ASEAN member country like Indonesia to mediate might be useful.

Existing Defence Alliances or Arrangements

If we are thinking of building up ASEAN military capability, using the existing co-operation between the Indonesian, Malaysian and Singaporean armed forces as a nucleus, what are we to do with existing defence alliances, arrangements, or understandings?

The question of the Manila Pact and the U.S. bases in the Philippines will not be discussed here because, in the context of global security, these bases may still have a reason to be there for some time to come, perhaps in another form more acceptable to the Philippine body politic. It is assumed that the nationalistic sentiments expressed are an accurate reflection of the people's feelings and aspirations, and that the politicians can reach an agreement among themselves as to what the Philippines as a nation precisely wants.

The prospect of converting these facilities into huge repair and ship-building or manufacturing facilities for (commercial) aircraft or other civilian items, thus turning them into giant economic power houses for the Philippine economy fuelled by the United States, Japan, Taiwan, Hong Kong and Korea seems to be remote. This idea would fit in well with the Japanese concept of comprehensive security but not with the U.S. concept of security which is almost exclusively military and defence-oriented.

The Five-Power Defence Arrangements between Malaysia, Singapore, Australia, New Zealand and the United Kingdom are more relevant. In Indonesia it is understood that this arrangement is an insurance against a possible reversion of Indonesia to its old ways, exemplified by its Confrontation campaign against Malaysia in the early 1960s.

It is questionable whether the continuation of this defence arrangement is advisable if the three-power ASEAN defence co-operation between Indonesia, Malaysia and Singapore is expected to continue to grow. The three ASEAN member states not only share military training facilities, with more possibly in the pipeline, but are increasingly becoming economically interdependent as Singapore is pushing ahead with the Singapore-Johor-Batam growth triangle project, with plans to expand it in the near future.

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The abandonment of the Five-Power Defence Arrangements by Malaysia and Singapore would *immeasurably* strengthen the political and psychological basis for the continued growth of a three-power ASEAN military co-operation, as the elements of suspicion and distrust would be removed. There is no reason why three ASEAN countries could then no longer have joint exercises in the future with Australia as a friendly neighbouring power. This process of abandonment of the Five-Power Defence Arrangements could be done gradually over, say, the next five years, with the maturing process of a Three-Power Defence Arrangement.

Some permanence could be given to the existing practice of joint exercises conducted periodically by ASEAN member countries besides the other forms of military co-operation, if ASEAN established a military or defence committee.

This embryo of an organized or institutionalized form of co-operation could be started by the three Malacca Strait countries, Indonesia, Malaysia and Singapore, which have the closest kind of military co-operation in ASEAN, thus avoiding the approbium of it being an ASEAN body

The advantages of setting up such a *three-country military committee* are several:

1. It establishes a formal link with the government and policy-making establishment;
2. It ensures continuity of co-operation and working together at the staff level and the ability to defuse potential conflict that may arise in the field; and
3. A permanent committee will make it possible for proper planning, programming and budgeting for a reasonably long period of, say, three to five years.

Such a gradual approach to the institutionalization of the *de facto* situation of military co-operation existing at present between the three Malacca Straits countries should be acceptable even to those most allergic to ASEAN military co-operation.

If the term "military cooperation committee" is unacceptable we might call it "defence cooperation committee". Surely no one can deny Indonesia, Malaysia and Singapore the right to co-operate in defending themselves?

This author agrees that the approach outlined above seems to be a *minimalist* one, but in his opinion this is what is attainable at present, given the low level of institutional integration within ASEAN. Legally speaking, ASEAN is not even an organization but merely an association of states.

Considering the reversals ASEAN has endured since Chatichai's single-minded pursuit of Thailand's national interests, the question can

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legitimately be asked: are the members of ASEAN still committed to the ideals, aims and objectives of ASEAN or do they think it no longer necessary? That is the basic question which we have to ask ourselves. Indonesia, Malaysia and Singapore seem to be more firmly committed than some of the other members.

That fact or impression plus the close co-operation the armed forces of the three countries have been engaged in during the last five to ten years are the basis for the above proposal for an embryonic organizational framework for military defence co-operation, linking it with the respective governments rather than remaining a series of bilateral military exercises.

This modest proposal is based on the assumption that the answer to the basic question posed above is in the affirmative. As for the basic question on the need for ASEAN to continue to exist, the choice is ours to make, with each government making up its mind as to what is best for its people and the future of the region. The fact is that some member countries need ASEAN more than others, but this writer submits that we all need a stronger ASEAN and will be better served by it in the longer term. Time is running out and will not wait, the time to take the decision is now. Let us hope that the decision taken is the right one.

NOTES

* The thoughts expressed in this paper are the author's and purely personal. Any resemblance to that of any government on the matter is purely coincidental.

1. The difference with the earlier mentioned statement by this author is that here the focus on Southeast Asia and ASEAN was blurred by linking it to a wider context of Pacific security co-operation.
2. Military training and joint exercises in the ASEAN sub-region, especially between MASINDO (Malaysia, Singapore and Indonesia) forces, besides having clearly understood rules of engagement, should also include medical and search and rescue units so that if and when accidents do happen, damage to personnel and material can be minimized.

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A Study of the Khmer People's National Liberation Front and the Coalition Government of Democratic Kampuchea

ABDULGAFFAR PEANG-METH

This article is an interpretation of the history and role of one of the principal, albeit less well-known, players of the Coalition Government of Democratic Kampuchea — the Son Sann-led Khmer People's National Liberation Front (KPNLF). It describes the initial formation of the movement and provides insights into its relationship with its coalition partners, the communist Khmer Rouge, and the Sihanoukists. At a time when a political solution to the Kampuchean problem still appears unlikely, it is argued that the KPNLF represents a viable option for a non-communist, democratic Kampuchea.

In 1982, leaders of the Khmer People's National Liberation Front (KPNLF) reluctantly agreed to participate in a Coalition Government of Democratic Kampuchea (CGDK) with the Khmer Rouge, waiting until the last day to join the agreement. They were told that only as a part in the United Nations-recognized Cambodian government would foreign countries, particularly Western governments, be able to provide them with much needed aid and assistance to enable the Front to carry out its national liberation struggle.

KPNLF leaders realized from the start that without financial and material aid, and political, diplomatic and military assistance, there would be little hope for the Front to attain its principal objectives.

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The KPNLF

The KPNLF is a non-communist Cambodian resistance movement which was proclaimed in southwestern Cambodia on 9 October 1979, with former Prime Minister Son Sann as President.

The KPNLF has three principal objectives:

1. The liberation of Cambodia from Vietnamese military occupation;
2. The prevention of the return to power in Cambodia of a genocidal regime; and
3. The rebuilding of a new independent, free, and sovereign Cambodia, not tainted by corruption.

The idea of creating the KPNLF as a non-communist resistance movement was conceived by a number of former Khmer officials and officers in the United States and in France who got together following the Khmer Rouge takeover of Cambodia on 17 April 1975. Alarmed by the atrocities committed by the Khmer Rouge victors against the Cambodian population, these men and women felt compelled to take action.

Originally, the KPNLF was formed to fight against the Khmer Rouge regime which was at that time engaged in unspeakable crimes and barbarities against the Khmer people. However, as founders of the Front began setting up the Khmer national resistance movement, the Cambodian communist Khmer Rouge regime was overthrown from power in Phnom Penh on 7 January 1979, by some 200,000 Vietnamese regular troops. Backed by tanks, heavy artillery, and aircraft, the Vietnamese acted in support of a breakaway Khmer Rouge faction led by Heng Samrin and other leaders and cadres who fled to Vietnam for help in bringing down the Khmer Rouge regime led by Pol Pot.

When the Khmer Rouge were removed from power and Vietnamese troops occupied Phnom Penh, propping up a new Cambodian communist regime in the capital, the founders of the KPNLF gave the Front the primary objective of removing the Vietnamese military presence in Cambodia. The Front's second objective remained, however, that of preventing the return of the Khmer Rouge to power.

The Building of a Front

The atrocities committed by the Khmer Rouge against the Cambodian people have led to world-wide condemnation of that regime. Since April 1975, hundreds of thousands of Cambodians have fled Cambodia, most seeking refuge in neighbouring Thailand. Refugee camps have spread along the Khmer–Thai border from north to southwest. Rich and poor, young and old have risked their lives walking many miles across the

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Cambodian plains and through forests infested with malaria-bearing mosquitos, escaping in search of freedom.

Many soldiers and young officers of the Cambodian republican army who reached the Khmer–Thai border areas formed armed groups to fight the Khmer Rouge regime. Several separate armed groups emerged at the Khmer–Thai border. Inside Cambodia, other Cambodians formed armed bands and established secret networks to oppose the Khmer Rouge regime of Pol Pot.

Although the civilized world condemned the Khmer Rouge for policies which resulted in the death of about two million people in Cambodia, the Cambodian resistance groups were unable to secure financial and material aid and assistance from civilized countries to fight against the Khmer Rouge.

The December 1978 Vietnamese invasion of Cambodia caused the Khmer Rouge soldiers to flee, and resulted in the installation of a puppet regime in Phnom Penh, one which owed its survival and allegiance to Vietnam. This replacement of the Chinese-supported Khmer Rouge greatly altered the political equation in Southeast Asia. In spite of the world's hatred of the Khmer Rouge, however, the question remained: should a foreign power be allowed to use force to bring down a regime it disliked?

It was in this situation that the founders of the KPNLF were able to dispatch a senior military member of the group to the Khmer–Thai border in February 1979 — a few weeks after the Vietnamese takeover of Phnom Penh — with a mission to regroup the several small Cambodian armed bands in the Khmer–Thai border areas to form a non-communist nationalist resistance movement.

The mission was a success. Several Cambodian armed groups were brought together under the umbrella of the Khmer Sereika (the Free Khmer). On 5 March 1979, Brigadier General Dien Del, a former division commander of the Cambodian republican army, proclaimed in north-western Cambodia the creation of a non-communist resistance force called the Khmer People's National Liberation Armed Forces (KPNLAF).

At the time of its creation, the KPNLAF comprised about 2,000 combatants, and had assorted light weapons such as M-16s, AK-47s, CKs, CKCs left over from the Cambodian republican regime, or smuggled from the Cambodian interior by escapees. There was no financial or material support from any foreign country. KPNLAF leaders depended for their needs on small financial contributions sent to them by Cambodian nationals overseas.

After the KPNLAF was established and a general staff created with Brigadier General Dien Del as its first chief, efforts were made to build up a political front. Former Cambodian Prime Minister Son Sann, who had provided concepts in the building of the Front, was then in France.

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He was invited by those in the field to come to the Khmer–Thai border to serve as the movement's president. Son Sann accepted the invitation, bringing with him several other Cambodian nationals then residing in Paris.

On 9 October 1979, the Khmer People's National Liberation Front (KPNLF) was proclaimed in a jungle hideout in southwestern Cambodia. The KPNLF was endowed with a small and secret Executive Committee (EXCO) which was to function as the collegial ruling organ of the KPNLF.

Activities of the Front

News of the establishment of the Khmer Sereika and then the Khmer People's National Liberation Armed Forces and finally the Khmer People's National Liberation Front, as a Cambodian nationalist non-communist resistance movement reached the Khmers in the Cambodian interior and Cambodian nationals abroad.

As Cambodians from the interior continued to leave the country for the Khmer–Thai border areas, first escaping the Khmer Rouge, then the Vietnamese and their sponsored regime, more refugee camps were constructed along the border. There were Nam Yin, O'Bok, Nong Chan, Rithysen, Ampil, and Sokh San, among others, spreading from north to southwest Cambodia along the Khmer–Thai border.

The KPNLAF and KPNLF wasted no time in exerting administrative control over these camps, whose swelling populations received food and supplies from different international relief agencies. Front leaders worked to build schools, pagodas, cultural centres, clinics and hospitals for the Cambodian "displaced persons" at the camps and initiated numerous cultural, educational, medical, and religious activities.

The non-communist resistance movement also opened Schools of Political Warfare in major camps to train KPNLF political cadres to be deployed in Cambodia. In addition, the KPNLAF and the KPNLF made available cadres and personnel for recruitment by the international relief agencies to help them to carry out their relief work at the border.

In the military field, the KPNLAF general staff under Brigadier General Dien Del opened a KPNLAF Military School to train men to become officers, and established small military sanctuaries on the Khmer side of the Khmer–Thai border. At the KPNLAF military sanctuaries, basic troop training was provided to volunteers and new recruits by instructors who had been officers of the Cambodian army. Because of the lack of ammunition, live bullets could not be provided for target practice.

Small KPNLAF guerrilla units were deployed from their sanctuaries at the border into the interior for missions of two weeks to one month or longer. Their goal was usually to study enemy positions in the areas close

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to the border, to study the terrain, and to conduct hit-and-run guerrilla actions against small enemy outposts if possible, as well as to ambush small enemy patrols.

Graduates of the KPNLAF School of Political Warfare were also deployed in the interior on missions of from one to three months or longer, to build up new secret networks in Cambodia, to establish contacts with secret networks in the country, to spread news of the Front, and to conduct public relations work with the civilian population. The political cadres and combatants took with them publications, literature, and photographs for propaganda inside Cambodia.

Through its monthly bulletin and literature, the KPNLAF also reached Cambodian nationals abroad where numerous support committees were created to lobby for the Front.

As the KPNLF and KPNLAF increased their activities inside Cambodia and along the Khmer–Thai border, regional and international interest began to be paid to this first non-communist resistance movement. In 1980 and 1981, more Cambodians from overseas, particularly from the United States and France, began to join the KPNLF and the KPNLAF at the Khmer–Thai border.

Military Aid from China

The People's Republic of China (PRC) had been a constant backer of the Democratic Kampuchea of Pol Pot. As the Pol Pot regime collapsed in January 1979, Khmer Rouge forces took to the Cambodian plains and jungles. The PRC continued to provide financial and material aid to the Khmer Rouge resistance.

However, the Khmer Rouge were so associated with atrocities and barbarities during their rule in Cambodia that they were considered pariahs in the international community. The collapse of the Khmer Rouge regime was cheered around the world. Some viewed the Vietnamese military invasion of Cambodia that removed the Khmer Rouge from power as a humanitarian mission to save a people and a nation from genocide and destruction.

In light of these circumstances, the PRC, the Association of Southeast Asian Nations (ASEAN), and some Western countries began to grow more and more concerned that Vietnam might itself escape condemnation following its invasion of Cambodia, and that the Vietnamese-installed PRK (People's Republic of Kampuchea) regime of Heng Samrin might win international recognition. Such recognition would implicitly condone armed aggression and invasion by a major state against a smaller one,

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and would legitimize the Vietnamese administration and occupation of Cambodia as well as a regime created and installed by a foreign power.

The Treaty of Peace, Friendship and Cooperation signed in Phnom Penh on 18 February 1979, between Vietnamese Premier Pham Van Dong and PRK President Heng Samrin, binding Vietnam and Kampuchea in the closest of relations, and promising mutual co-operation and assistance for the next twenty-five years, simply legitimized the presence of the then about 100,000 Vietnamese regular troops in Cambodia.

As the only potentially viable non-communist resistance movement at the time, the KPNLF and the KPNLAF needed financial, material, and military aid to carry out their national liberation struggle. The PRC became an unlikely partner in support of the KPNLF/AF, motivated by its historical animosity towards the Vietnamese. ASEAN was worried about Vietnam's traditional expansionism, and saw Vietnam's western boundaries enlarged, now reaching Thailand, which neighbours Malaysia, and is close to Singapore. Vietnam's expansionism further westward would threaten Thailand's security, the frontline country of ASEAN.

In 1980, the People's Republic of China first secretly provided the the KPNLAF with at least 2,000 weapons, ranging from AK-47 assault rifles to DK-75mm recoilless guns. In the field, arrangements were secretly made for Khmer Rouge leader Ieng Sary to meet with KPNLAF Chief of Staff General Dien Del. Ieng Sary pushed for closer co-operation between the DK and the KPNLAF in the struggle against Vietnam and the PRK. General Dien Del was apprehensive and resistant to Ieng Sary's proposal, mindful of the Front's established objectives to prevent the return of a genocidal regime (the Khmer Rouge) to power. Hence, an alliance between the DK and the Front did not materialize politically or militarily.

Formation of the CGDK

KPNLF political leaders and KPNLAF military leaders had sensed for some time that sooner or later there would be efforts made to persuade the Front to join in an alliance with the Khmer Rouge. In 1981, President Son Sann was pressured to lead a delegation of KPNLF officials to the PRC. The KPNLF President, supported by the Executive Committee, delayed the trip.

Meanwhile, representatives of ASEAN in Bangkok, namely, the Thais, the Malaysians, and the Singaporeans increased contacts with representatives of the KPNLF and the KPNLAF. Resistance officials persistently lobbied for financial and material aid, particularly from ASEAN.

KPNLF and KPNLAF officials learned that the ASEAN countries could not and would not provide aid to a resistance movement; that ASEAN

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dealt only with governments. According to the rationale presented to KPNLF and KPNLAF officials, freedom- and justice-loving countries sympathized with the non-communist Front and wanted to help them. However, the rationale went that the United Nations recognized Democratic Kampuchea under the Khmer Rouge. If aid and assistance were to be given, it would be given to the Government of Democratic Kampuchea.

The rationale soon led to a campaign to persuade Front leaders to agree to take part in a government of Democratic Kampuchea so that they could receive financial and material aid and assistance to carry out their liberation struggle.

KPNLF and KPNLAF leaders found themselves in a dilemma. On the one hand, the *raison d'etre* of this non-communist resistance movement originally had been to oppose the Khmer Rouge regime. On the other hand, the Front needed aid and assistance to carry out the struggle. Without these the Front could not hope to succeed in attaining its established objectives, which now included elimination of the Vietnamese presence in Cambodia.

By 1981, it was clear to Front leaders that aid would not be forthcoming from non-communist countries if Front members refused to participate in the government of the Khmer Rouge of Democratic Kampuchea. The United States Government made it clear publicly that it supported ASEAN's policies on Cambodia. Other Western countries were non-committal.

In 1981, there was a flurry of activity behind the scenes that proved painful to Front leaders, and to intermediaries involved in trying to find an acceptable formula that would allow the KPNLF to participate in the government of Democratic Kampuchea with the Khmer Rouge. (By this time, another non-communist resistance movement organized by the followers of HRH Prince Norodom Sihanouk, former King and Chief of State of Cambodia, had been created and was operating along the Khmer-Thai border, under the name of "Armee Nationale Sihanoukienne" [ANS], or the National Sihanoukian Army, a military arm of FUNCINPEC, a French acronym for National United Front for an Independent, Neutral, Peaceful, Cooperative Cambodia, led by Prince Sihanouk.)

Front leaders were approached to present their version of an acceptable arrangement that would result in KPNLF participation in a coalition government. One document after another was presented by the foot-dragging KPNLF. One of the conditions of participation set forth by the Front was the removal of certain Khmer Rouge leaders from power. The KPNLF also demanded important Cabinet portfolios, including Foreign Affairs and Defence.

It was a period of frustration and disappointment for the KPNLF

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and KPNLAF leaders. Conditions they presented were rejected by the Khmer Rouge, whose positions the Front officials found equally unacceptable. Yet they knew a coalition government must be formed. They needed aid.

Another rationale was presented to the KPNLF and KPNLAF officials: there were by now two non-communist resistance movements in the coalition while there was only one communist Khmer Rouge. The two non-communist groups could join forces in the coalition, and together might be able to "steal" the government of Democratic Kampuchea from the Khmer Rouge. According to the rationale, for the present it was necessary to set aside all differences which divided the Khmers, who should concentrate on their common enemy, the Vietnamese invaders and occupiers of Khmer soil. KPNLF and KPNLAF leaders prepared for the inevitable.

When invitations from Kuala Lumpur and Singapore reached KPNLF President Son Sann, he accepted, and led a small delegation to visit these two ASEAN capitals. In Singapore, Son Sann met with Prince Norodom Sihanouk of FUNCINPEC-ANS, and with Khieu Samphan of the DK from 2 to 4 September 1981. The three Cambodian leaders signed a one-page Joint Statement expressing "the desire to form a coalition government of Democratic Kampuchea with a view to continuing the struggle in all forms for the liberation of Cambodia from the Vietnamese aggressors". The Joint Statement announced the agreement to "set up an ad hoc committee to study the principles and the forms enabling the achievement of the above coalition government and objective".

For several months, representatives of the three Cambodian factions met at secret locations to discuss the formation of the "Coalition Government of Democratic Kampuchea" (CGDK). The participants deadlocked as representatives of the KPNLF and the Khmer Rouge disagreed over fundamental issues. The representatives of FUNCINPEC-ANS were instructed by Prince Sihanouk to accept any agreement reached by the KPNLF and the Khmer Rouge. The heat was on the non-communist KPNLF representatives. Official communiqués and press releases painted the meetings in flowery and hopeful terms.

Although the KPNLF and KPNLAF leaders knew that the formation of a coalition government was inevitable, KPNLF representatives to the meetings were instructed by President Son Sann to hold on to the party's positions to the end. Pressure increased to form the CGDK as quickly as possible. On 22 June 1982, a five-page "Declaration of the Formation of the Coalition Government of Democratic Kampuchea" was signed in Kuala Lumpur with Prince Norodom Sihanouk as President of Democratic Kampuchea, Khieu Samphan as Vice-President in charge of Foreign Affairs, and Son Sann as Prime Minister.

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In its operating principles, the CGDK is subject to the "legitimacy and framework of the State of Democratic Kampuchea"; each participating party retains "its own organisation, political identity and freedom of action, including the right to receive and dispose of international aids specifically granted it. . ."; the workings of the CGDK are to be guided by the principles of "tripartism, equality and non-preponderance"; and the operation of the CGDK would be governed by the principle of "consensus applicable to matters of importance".

The CGDK has four "Coordination Committees": finance and economy, defence, culture and education, and health and social affairs. They are merely "coordination committees".

The Declaration forming the CGDK states that "in the event that an impasse has developed which renders the Coalition Government of Democratic Kampuchea inoperative . . . the current state of Democratic Kampuchea led by H.E. Mr. Khieu Samphan will have the right to resume its activities as the sole legal and legitimate State of Kampuchea and as a Member State of the United Nations in order to ensure the continuity of the State of Democratic Kampuchea".

Thus, lacking financial and material aid, the non-communist KPNLF agreed to participate in the CGDK. Through the participation of the two non-communist resistance movements in the CGDK, the Khmer Rouge were saved.

Co-operation between the Two Non-Communist Resistance Movements

In fact, there was and is little difference between the two Cambodian non-communist resistance movements, the KPNLF-KPNLAF and the FUNCINPEC-ANS. With the exception that the FUNCINPEC-ANS is led by a Khmer prince and the KPNLF-KPNLAF by a non-royal person, the two non-communist resistance movements adhere to liberal democracy, use the same national flag and the same national anthem. Combatants of the two armies wear the same uniform and use the same military strategies and tactics learned from the same military schools; they are trained by the same military instructors and they sing the same "Sereika" songs. Officials of the two movements are longtime friends and acquaintances and colleagues. Members of both movements suffered under the Khmer Rouge.

Logically, the two movements should have no problems co-operating and co-ordinating with each other. Thus, when it appeared that the formation of the CGDK was inevitable, several senior members of the two non-communist movements started to meet together, first secretly

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and later more openly, in search of better co-operation and co-ordination of activities, especially in the military field. The legacy of the Khmer republican-versus-royalist past lingered at first, but those known at the time as the "cooperationists" in both non-communist movements were making headway. On the ground in Cambodia, military units, soldiers, and political cadres from both movements worked together, lived together, and helped each other.

After the establishment of the CGDK in June 1982, a loose military co-ordinating committee of the two movements was in existence. The "co-operationists" urged for more: a joint radio station, joint information offices abroad, a Permanent Military Committee for Coordination (PERMICO), and finally a loose Joint Military Command (JMC).

The co-ordination of activities between the KPNLF and FUNCINPEC-ANS urged by the co-operationists became a source of serious internal conflict in the KPNLF leadership. The frictions erupted openly in December 1985. This internal conflict impeded the development and progress of the KPNLF-KPNLAF for years afterwards.

Senior KPNLF and KPNLAF officials intended to forge close co-operation with the FUNCINPEC-ANS to counter-balance the Khmer Rouge as well as to engage in a more efficient, effective and successful Khmer national liberation struggle. In spite of the work of the "co-operationists", however, co-ordination stopped short of a truly united military command.

The less than enthusiastic relations of the KPNLF with its Khmer Rouge coalition partner, and the reluctance of the KPNLAF to co-ordinate military activities with the Khmer Rouge on the ground led to criticism of the Front by foreign supporters of the Khmer resistance. Some considered the KPNLF-KPNLAF the right-wing element of the Khmer resistance.

Advantages and Disadvantages in Joining the CGDK

As a member of the CGDK, the KPNLF has both gained and lost. By joining the CGDK, Front leaders have been able to participate in international conferences and meetings, notably at the annual United Nations General Assembly. Their voices have been heard in the international community. Since the Front joined the CGDK, international aid and assistance to the KPNLF and KPNLAF have increased, although this assistance has not met the expectations of Front leaders. KPNLAF military achievements inside Cambodia, especially in 1989, can be attributed to the increase in foreign aid and assistance. Cambodia has also been penetrated via the medium wave and short wave "Voice of Khmer" (VOK) radio stations.

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However, there have been disadvantages in joining the CGDK as well. By joining in a coalition with the Khmer Rouge, the KPNLF has associated itself with an unpopular regime accused of atrocities, barbarities and genocide by the Khmer people and by the overwhelming majority of nations.

The Khmer Rouge might have been facing extinction before the formation of the CGDK. The coalition government pulled them back from the precipice. The coalition has thus benefited the Khmer Rouge, who have exploited the name and the image of the non-communist resistance to improve their political and military posture in Cambodia at the expense of the non-communists.

The association of the Khmer Rouge with the coalition government has proved an impediment in the peace process, providing an opportunity for Vietnamese and PRK inflexibility. Vietnam and the PRK have persistently rejected the inclusion of the Khmer Rouge in any political solution to the Khmer tragedy. Likewise, the Beijing-backed Khmer Rouge mistrust the Vietnamese. They also cannot condone the breakaway faction led by Heng Samrin that sought Vietnam's aid, and that overthrew the Khmer Rouge regime in Phnom Penh in January 1979.

Aware of the potential future danger of the Khmer Rouge, KPNLF/AF officials explored with foreign friends the possibility of gaining support for a purely nationalist non-communist Khmer government that excluded the Khmer Rouge, if such a government were eventually proclaimed in Cambodia. There has been no response to such a proposal.

Therefore, while the Front initially benefited from increased aid by joining the CGDK, it now finds itself threatened with a cut-off of U.S. aid because of its association in the coalition with the hated Khmer Rouge.

Problems with the Khmer Rouge

Politically and militarily, the KPNLF and the KPNLAF have experienced problems with the Khmer Rouge, even on such elementary questions as the selection of a national anthem, and the design of the national flag.

On the ground in Cambodia, KPNLAF combatants have been subjected to verbal abuse and armed hostilities by the Khmer Rouge: mines implanted on paths used by KPNLAF troops; denial of passageways; and open armed clashes with KPNLAF soldiers. Protests by Front leaders in the CGDK have been brushed aside by the DK faction. In 1986 and 1987 verbal abuse and armed hostilities on the ground in Cambodia reached an alarming state, causing much loss of life and equipment. The Khmer Rouge have also undertaken propaganda campaigns in Cambodia against the non-communist Cambodian troops of the KPNLAF and the ANS. Although

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efforts have been made to keep these incidents in the field under control, isolated incidents have persisted.

KPNLAF field commanders have reported that the Khmer Rouge very often initiate incidents against their coalition partners when their forces meet with smaller, less well-equiped KPNLAF units. According to field reports, when KPNLAF units were larger in strength and equipped with better weapons, Khmer Rouge forces resisted acts of provocation. KPNLAF field commanders have appealed to their High Command for more and better weapons to keep the Khmer Rouge forces at bay.

The PRC and the Khmer Resistance

The People's Republic of China has been and remains the major supplier of arms and equipment to the Khmer resistance. Before and after the formation of the CGDK, Beijing made known its willingness to provide aid and assistance to any Khmer resistance group fighting the Vietnamese invading forces and their puppet troops, the PRK forces.

The PRC has denied that it provides more money, more materials and more weapons to the Khmer Rouge than to the non-communist resistance factions. The Beijing government has publicly announced that it provides one million yuan per year to each Khmer resistance faction in the CGDK, and a quantity of arms, equipment, and ammunition according to each faction's requests and China's perception of the faction's actual needs. The PRC has also provided specialized military training in China for some Khmer resistance factions.

As the KPNLAF has increased its military offensives in 1989, it has used up much ammunition. Ammunition deliveries by friendly non-communist countries have been inadequate to meet the requirements of the battle situation. Since 6 March 1989, when the KPNLAF unleashed a series of surprise attacks capturing various PRK military bases close to the Khmer–Thai border, the war of liberation in Cambodia has changed in nature from hit-and-run guerrilla warfare to conventional military offensives intended to seize or destroy PRK military positions and bases. Rocket launchers, grenade launchers, heavy machine-guns, mortars, recoilless weapons, and anti-tank devices have been employed. Since many of these weapons are of communist origin, supplies have necessarily come from communist nations, particularly the PRC.

KPNLAF leaders are aware that the continued use of communist weapons necessarily puts the KPNLAF at the mercy of the communist donors. Non-communist fabricated mortar and recoilless shells do not fit communist-made mortar tubes and recoilless guns. Mortar tube supplies from non-communist benefactors are insufficient. In addition, the KPNLAF

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has captured a number of communist-made artillery batteries from PRK forces. Some of the batteries need repair pieces, which can be obtained only from the PRC.

KPNLAF leaders have sought unsuccessfully to phase out weapons that have no ammunition available from non-communist countries, and to replace them with weapons manufactured in non-communist nations.

The recent retaking by PRK forces of some of their military bases seized earlier by the KPNLAF resulted in part from the shortage of necessary ammunition supplies. Non-communist countries could not supply the ammunition. The PRC could, but it instructed the non-communist leaders to co-operate and co-ordinate more closely with their Khmer Rouge coalition partner which has the needed ammunition.

For the KPNLF and the KPNLAF, the war of Khmer national liberation is proving very costly politically. The Front joined the CGDK with the hope of getting necessary aid and assistance from the Western world. By joining the CGDK, it had helped save an unpopular Cambodian regime condemned world-wide, and got caught having to rely more and more on the communists for material, equipment, and ammunition.

Balance of Forces in Cambodia

With or without a political settlement of the Khmer problem, the balance of forces of the four Khmer factions may ultimately find the PRK army of the Vietnamese-installed puppet regime to be the best equipped military force of the four. Having taken claim to much of the military hardware left behind by the fleeing Khmer Rouge, and profiting as well from steady aid for more than ten years from the Vietnamese, the Soviets and members of the Soviet bloc, PRK troops should have been able to stockpile for the long haul. The Khmer Rouge have busily cached arms, material, equipment, and ammunition in Cambodia for several years, and recently boasted that they would be able to fight on without outside assistance for two to three years. As the favourites of the PRC, they will probably not have to rely solely on their hidden supplies, and will be a strong second to the PRK army. Trailing way behind will be the two non-communist Cambodian factions, the ANS third, and the KPNLAF last.

It is an irony that while non-communist and Western nations seem to rely upon and have good relations with the KPNLAF, the KPNLAF unquestionably has trailed all other Cambodian factions in terms of weapons, material, equipment, ammunition, and perhaps even finance. The KPNLAF has used all that it has acquired to carry out its liberation activities. Since provisions have been relatively meagre, there has been little to stash away for future use.

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Given the balance of forces in Cambodia — the enmity between the Beijing-backed Khmer Rouge and the Hanoi-created PRK on the one hand, and the fundamental differences between the communists and the non-communists on the other — it is difficult to expect a workable and long-lasting arrangement among the Khmer factions that will bring peace to Cambodia.

It is logical to argue that there will be no peace in Cambodia unless and until the Khmer factions put down their arms, abide by a cease-fire, and agree to work together in a new coalition government. It follows, theoretically, that the termination of all military and non-military aid to all Khmer factions may prevent continued fighting which is a serious impediment to a peace settlement.

The existing disparity among the four factions indicates, however, that a termination of aid to the weaker non-communists, and the imposition of a peace settlement will not guarantee that civil war can be avoided. It is far more likely that the stronger forces will act to cancel out the weaker ones, even if free and fair general elections give a majority of votes to the non-communists.

An international control mechanism would be hard-pressed to control, supervise or enforce reductions of forces of the four Khmer factions, and eliminate the communists' secret stockpiles of arms, ammunition, material and equipment. At the very least, the Beijing-backed Khmer Rouge DK and the Hanoi-backed breakaway Khmer Rouge PRK will fight each other, causing continued anguish.

The strengthening of the non-communists in order to attain a closer parity of forces, and more intensive efforts at "democratizing" Cambodia may be deterrents to civil war. The termination of aid to the non-communists would only place them between cholera and the plague.

The long tragedy of the Khmer people and the Cambodian nation continues. Today, the non-communist movement that began with hopes of freedom is being abandoned, having become a pawn in the struggle between communist powers, and the neglected step-child of democratic nations that now chastise the non-communists for having soiled themselves in a coalition with the Khmer Rouge once forced upon them by those same governments.

It is every person's wish that the war be brought to an end and peace restored in Cambodia. But a peace that is not long-lasting is only an illusory peace. After years of deprivation, the Khmer people and the Khmer nation deserve more than the illusion of freedom.

ABDULGAFFAR PEANG-METH joined the KPNLF in the field in 1980. He was Deputy Chief of General Staff of the KPNLAF in 1987; and assistant to the Commander-in-Chief of the KPNLAF for planning and analysis in 1988.

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Japan's Security Policy and Southeast Asia

REINHARD DRIFTE

Despite changes in the bipolar structure since 1973 and particularly since November 1989, Japan's predominantly bipolar foreign policy and security outlook has not changed much because détente has less effects in a region with a more diffused power constellation and considerable potential for regional instabilities. Japan's economic priorities and alliance with the United States has compelled Tokyo to pursue regionalist policies in order to maintain its bilateralist policy with the United States. But Japan's security interests in Southeast Asia are considerable because of its investments in the region which have to be protected. This is the factor which will increasingly shape Japan's security policy and perception of security towards the region. Although aid with creeping political overtones is Japan's major instrument in protecting its interests in the region, the country is likely to take over more military regional roles from the United States, including possibly personnel involvement in peace-keeping operations such as those in the Gulf or those planned for Kampuchea.

Post-war Background

Post-war Japanese security policy has been firmly based on a superpower dominated, bipolar view of the international and global strategic environment. The historic reasons for this perception is the lost war against the United States, the American occupation, and the dominant role of the United States in post-war Japan.

When Japan joined the international power game in the nineteenth century as a latecomer, it viewed the regional environment with the severity

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of a proselytized: weak countries were considered a threat to its own security because they might invite outside powers to take them over. Korea is the best example: Japan was concerned about Russia occupying it and therefore tried to get in first. Two wars — the Sino-Soviet War in 1895 and the Russo-Japanese War in 1904–5 — were ultimately waged because of Korea. China, although the cradle of Japanese civilization, was treated with contempt by Japan because of its weakness and lack of common purpose and was seen as a danger to Japan's security because so many foreign powers were involved. It was at this time that Yamamgata Aritomo coined the phrases, "line of interest" and "line of sovereignty", the former being rather flexible and encompassing parts of China and the Korean peninsula. Since this conception of regional and global order soon brought Japan into conflict with other powers, the line of interest had to be drawn wider in the 1930s, and ultimately encompassed a region as far as Burma and Southeast Asia. The latter was considered necessary because of the raw materials which Japan could no longer get from outside the region, notably the United States, which issued a trade sanction against Japan because of its expansionist policies.

Immediately after the war, Japan's leaders had no other choice than to follow American leadership, but with their own conservative and anti-communist outlook they were in agreement with the global American anti-communist policy. They trusted Washington to take care of their national and regional security. This trust was based on the American intervention in the Korean War, which provided Japan with an implicit security guarantee, which later was to be more clearly spelled out. In the aftermath of the war, the United States had turned out to be the most powerful country in the world, including Asia. In comparison with Europe, America's power in shaping the post-war order was even less contested in Asia. With this power constellation, Japan had no fear of a power vacuum as it had before 1945. The United States curbed Japan's foreign and trade relations with the outside world during the occupation, but in the end it provided Japan with all the goods and markets that the latter needed not only to rehabilitate its economy, but even to expand it. Although the United States forced Japan to forgo relations with Communist China, it was, on the other hand, readmitted into Asia in order to serve, through its economic expansion, as the workshop of the region. Japan's security policy towards Southeast Asia, therefore, closely followed that of the United States, which during the first three decades meant that Japan had to shoulder an increasing share of its national defence while expanding economically into the region. Thus, there was no direct Japanese security policy towards Southeast Asia. As long as overall Japanese–American relations were in good shape, Japan could leave its

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security policy in American hands. This attitude was reinforced by the cleavages in Japanese public opinion on rearmament, a disinclination to become too exposed politically, and the concern about the legacy of the past in Asia. The concentration on economic rehabilitation and, later, expansion proved to be the most accepted common denominator of Japanese politics.

This very cost-efficient security policy for Japan was not welcomed elsewhere in Asia. The Soviet Union, China and North Korea perceived it, of course, as directed against their security because of the anti-communist stance of the United States, which was enhanced by the Japanese–American security treaty. The Southeast Asian countries, as well as Australia and New Zealand, initially had difficulties in accepting the generous treatment of Japan in the San Francisco Peace Treaty. On the other hand, they came to welcome the close integration and control of Japan by the United States as the dominant Asian-Pacific power. Japanese reparations, which started at the end of the 1950s, provided them with some useful economic aid.

Continued Japanese Reliance on the Japanese-American Alliance Framework

Changes in the Japanese bipolar perception of the world outside Japan occurred with the weakening of the United States during the Vietnam War, the American policy of devolving more national and regional military burden to its allies, including Japan, and Japan's own growing economic and political power. More regional power came to the forefront. However, increased multipolarization has not made obsolete the central strategic relationship between the United States and the Soviet Union. Moreover, American dominance in Asia has continued to last much longer than elsewhere, thus contributing to the lingering on of a rigid bipolar perception by Japan. The long rule of the conservative Liberal Democratic Party (LDP) has not encouraged different approaches to the strategic environment. On the contrary, the diffused power constellation in Asia has encouraged Japan's leaders to stick to a predominantly bipolar perception of the Asian-Pacific region. Until today, Soviet intransigence towards Japan — notably on the territorial issue of the Soviet-held Northern Territories — and its refusal to treat the country as a major power in its own right has not encouraged a departure from the traditional security alliance with the United States. Arms control is not greeted with the same enthusiasm in Japan as in Europe. Japan is basically content with the existing strategic power constellation and does not favour any changes. It did not perceive the deployment of Soviet INF (Intermediate-Range Nuclear Forces) missiles

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as adding substantially to the Soviet threat, and it was not asked to receive ground-based U.S. missiles to offset them.

In the last analysis, the Europeans wanted counter-deployment in order to increase the U.S. commitment to Western Europe. Whereas Japan considered a total elimination of all INF missiles as a matter of being treated equally by its Western partners, the Europeans (and the Reagan Administration) were at one stage willing to accept a zero option for only the European part of the Soviet Union. Whereas most Europeans have embraced the new security policy of Mikhail Gorbachev and are willing to respond to it by reducing their own military efforts and co-operating economically with the Soviet Union, Japan is concerned about losing the growing popular consensus on expanding its military force in answer to American requests, which was possible against the background of the exhortation of the Soviet threat. Economically, Japan is not much attracted by the Soviet overtures. The Asian part of the Soviet Union provides little economic incentive for Japan, and, in contrast to West Germany, there is no need to accommodate the Soviet Union because there are no longer Japanese living in the Northern Territories.

The new *dètente* policies of the Soviet Union have so far had relatively little effect on Asia as they are less effective in a region with a more diffused power constellation and so much potential for regional instabilities, such as the Korean peninsula or Indochina. Finally, the overall Japanese–American relationship has gained such importance that a differently focused security policy would cause even greater strain in Japan's most important alliance. Moreover, Japan has not, at least militarily and politically, the clout of the United States to shape the regional order single-handedly or to provide a regional order which would guarantee stability and free trade to all.

The Relationship with China

From the establishment of diplomatic relations in 1972 until the beginning of the 1980s, China had attempted to make Japan join its anti-hegemony campaign against the Soviet Union. Indeed, the Treaty of Peace and Friendship in 1978 even contained an article in which both parties vowed to oppose (unspecified) "hegemony". However, the Japanese Government was anxious not to be drawn into this situation. There was also resistance to Chinese attempts to establish a level of Sino-Japanese military co-operation, because of Japan's concern over relations with Southeast Asia and the Soviet Union. Any close relationship with China is seen by Southeast Asia with suspicion because of the past Chinese support of insurgency in the region, unresolved border issues, and the competition for aid from

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Japan. Moreover, it is not in Japan's long-term interest to see China, its close neighbour, grow too big militarily. There are, therefore, some Japanese reservations about the declared U.S. policy of help to modernize China's armed forces. Japan, which has been inclined to be rather lenient on COCOM (Co-ordinating Committee for Multilateral Export Controls) issues versus Eastern bloc countries, has repeatedly demonstrated its concerns over American willingness to sell military equipment to China. In 1979, Prime Minister Ohira had excluded the extension of military assistance to China so that military relations were limited to personnel exchanges; not until May 1978 did a Director-General of the Defence Agency make a visit to China. At the same time, however, the economic relationship had been developing; China now receives considerable assistance from Japan, which has helped the Chinese leadership to sustain economic reform and the opening towards the West. Since 1978 this has been Japan's main foreign policy goal in the relationship with China, and has been presented by the government as an important contribution to regional and international stability.

Until 1983, greater Japanese defence efforts and the strengthening of the security link with the United States were welcomed by China's leaders. The change in the Chinese attitude since then, shown by the resumption of publicly voiced concern about Japan's defence policy, can be attributed to several circumstances. First, the revived memory of Japan's aggression against China, through the textbook crises in 1982, 1984 and 1986, Japanese ministerial visits to the Yasukuni war memorial shrine, and the declarations by two Cabinet ministers which played down Japan's wartime record. Secondly, the Japanese court decision which declared that a disputed student dormitory, Kokaryo, in Kyoto, belonged to Taiwan; this revived in Chinese eyes the spectre of a Japanese "two-China policy". Thirdly, the abandonment of the 1 per cent GNP (gross national product) ceiling on Japanese annual defence expenditures in 1987. In 1980, China's Deputy Chief of General Staff, Wu Xiuqian, had intimated to Nakasone that Japan should increase its defence spending to the equivalent of 2 per cent of its GNP; seven years later the Chinese Defence Minister advised the visiting Director-General of the Defence Agency that there should be a limit on Japan developing its defence forces in the "light of the tragic lesson of history". In the meantime, China had, through the earlier encouragement, considerably weakened one of the most important domestic forces against heightened Japanese defence efforts, the leftist opposition in and outside the Japanese parliament which were very friendly towards China and had prepared the political atmosphere for the normalization of diplomatic relations in 1972.

Like other Asian countries, China now sees the expansion of Japan's

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military potential as open-ended. As masters themselves in turning limited national power to maximum use, the Chinese leaders with their traditional conception of power cannot imagine that Japan will abstain from translating this strength into at least political power to be used in international relations. Chinese attacks on the scrapping of the defence budget ceiling also betray a concern about the capability of the United States to check Japan's military role in the future. Diplomatic incidents resulting from the memories of Japan's militaristic past reflect a genuine Chinese concern that Japan might forget its earlier misdeeds. At the same time, however, playing up incidents like the textbook crises and commemorating anniversaries of Japanese aggression also serve to exert pressure on Japan to offer greater or more generous economic engagement in China as some Asian countries have done with some success as well. The Chinese policy has paid off very well after the Tiananmen incident because Japan has spearheaded the Western move back to more normal relations with Beijing after the initial blacklisting of China by the West.

The Predominance of Non-military Means

Economically and to some extent also politically, Japan has been trying regionalist approaches in Southeast Asia, but its security policy towards the region is still very much based on a bipolar perspective. Japan's economic priorities and alliance with the United States has compelled Tokyo to pursue regionalist policies in order to maintain its bilateralist policy in its relationship with the United States.

Japan's security interests in Southeast Asia are considerable. The Straits of Malacca, the South China Sea and waters around Indonesia and the Philippines are of vital importance to Japan's maritime traffic. In addition, because of Washington's prodding, Japan is acquiring a more global view of security issues. Through a combination of factors such as the rising yen, increasing labour costs at home and the growing industrial sophistication of several countries in Southeast Asia, Japan has accumulated considerable investments in the region which have to be protected. This is the factor which will increasingly shape Japan's security policy and perception of security towards the region. The classical approach to this situation — military might and expansion — has been discredited in the past and is no longer acceptable internationally. The regional environment has also totally changed: the Asian countries have acquired more military power, regional co-operation has been strengthened, and China has become a major military force with nuclear weapons. So far the United States has been successful in providing for a Western orientation of the majority of the countries in the region. While American influence is becoming

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weaker, at the same time the old East-West divide is weakening and the major challenger of a Western-orientated world order, the Soviet Union, is changing its outlook. In the case of Asia, the Soviet Union wants to join what has become a prosperous Asia-Pacific which is attracting world-wide attention because of its economic dynamism. While in Europe the liberalization of Eastern Europe and the reunification of Germany have come to symbolize the end of the old East-West confrontation and better superpower relations, it is the gradual opening of China, the reduction of Soviet military forces by 200,000 men, and the ongoing contraction of the American military presence in Asia which is heralding the coming of a new age, albeit with much more volatility than in Europe as the constant instability in the Philippines and in Indochina as well as the backlash in China demonstrates.

Japan's foremost means to protect its economic stakes in the region is through aid, which has increasingly won more political overtones. In the recent past, aid to countries like Thailand and Pakistan had been referred to as aid to strategically important countries or countries bordering on zones of conflict. Aid for the Philippines is closely co-ordinated with the United States and can be seen as a financial package for the latter to retain its bases. The resumption of aid to Burma has been, although so far unsuccessfully, tied to economic and political reforms. Increasingly, Japan is supplementing American power in the region. Although outwardly only using economic power and means, the security connotations of this involvement are becoming clearer as shown in the above examples. When South Korea, under former President Chun Do Hwan, demanded US$6 million in aid, the Koreans mentioned that this was necessary for their as well as Japan's security because it would enable the accomplishment of their military modernization programme and thus protect the stability on the Korean peninsula. They also did not fail to mention that Japan devoted less than 1 per cent of its GNP to defence whereas they did much more.

Through trade, investment and aid Japan has become very much linked to Southeast Asia although the American market is still more important in terms of trade and investment flows. But Japan is increasingly replacing the United States as the most important export market of Southeast Asia and relegating the latter to second place in terms of aid and investment. Providing a market to the region is helping Japan's fight against protectionism, enlarging its regional economic leadership and enhancing Japanese-U.S. relations. In order to guarantee a smooth development of these export-led countries of Southeast Asia, Japan has become a spokesman for these countries in multilateral fora such as the economic summit meetings or the OECD (Organization for Economic

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Co-operation and Development). Since the 1960s Japanese politicians and academics have been interested in promoting the idea of an Asian-Pacific economic grouping. Regional diversity and the lingering fear among Japan's neighbours of being dominated by Japan will certainly prevent a grouping which would resemble the European Community.

Japan is conscious that any security policy towards Southeast Asia is watched with great suspicion in the region. Japan's leaders know that their country's successful economic penetration is enough to raise Southeast Asian anxieties. Any military policy directed towards the region would only enhance these anxieties. As a result, Japan has since 1978 become more integrated into Washington's security strategy in East Asia although its military now has the third highest budget in the world and its hardware deployment is in several weapon categories higher than the American one in the region. Because of its concern for the safety of sea lanes, Japan accepted to take gradual control over its sea lanes up to 1,000 nautical miles. Japan is very interested in the capability of East Asia to defend itself but cannot actively contribute to it except under the guise of economic aid. A withdrawal of the U.S. bases from the Philippines would be detrimental to Japan's security interests in the region, and a replacement of U.S. forces by Japanese forces would only antagonize Southeast Asia. The only answer, therefore, is economic aid to the Philippines, although the ultimate withdrawal of permanently stationed American forces in that country seems now to be inevitable.

Indochina

The Indochina conflict is regarded as the most serious problem for Japan's security policy towards Southeast Asia. Japan considers the Indochina conflict as one which goes beyond East-West confrontation as it involves complex regional elements such as Vietnam's traditional ambition to dominate the Indochinese peninsula and the historical enmity between China and Vietnam. Japan's position is also complicated by the fact that on the one hand it wants to support ASEAN's position in Indochina, but on the other hand, a positive relationship with Vietnam would keep a certain check on China because of the traditional enmity between Vietnam and China. Vietnam is also seen as the major power in Indochina as a result of its geography and size of population. Any solution to the problems in Indochina would have to involve Vietnam. Bringing Vietnam into a closer relationship with ASEAN would be the ideal solution because it would keep a check on the growing power of Vietnam. These ideas are not too far from the policy which is being pursued with some measure of persistency by Indonesia.

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Japan's response to the conflict in Indochina has been varied, but non-military. It is continuing to enhance the economic development of Thailand and has promised to rehabilitate the economies of Vietnam and Kampuchea when the war ends. Tokyo has given considerable financial help to ease the refugee burden on the Southeast Asian countries and thus made a considerable contribution. Japan's diplomacy has used the economic and aid carrot to make Vietnam more inclined to withdraw from Kampuchea. It has consistently supported ASEAN in its policy *vis-à-vis* Indochina while maintaining lines of communication with Vietnam. After the end of the U.S.-Indochina war, Japan made considerable efforts to improve relations with Vietnam and discreetly encouraged dialogues between Hanoi and the capitals of non-communist Southeast Asia. In 1975–76, Japan also extended some US$25 million in aid to Vietnam, which was suspended after Vietnam's invasion of Kampuchea. The relationship improved so much in the second half of the 1970s that in 1976 Prime Minister Fukuda was obliged to assure ASEAN leaders that Japan's ties with Hanoi would not alter its attitude to ASEAN. Japan has supported in recent years Prince Sihanouk's peace initiatives while maintaining close communication with the ASEAN countries. Japan's economic advances into Vietnam, driven partly also by strong economic interests in Japan, have been observed with suspicion not only by the ASEAN member states, but also by the United States. Since the American reversal of its Vietnam policy in the summer of 1990, a political solution of the Kampuchean conflict seems to be possible and will, thus, vindicate Japan's diplomacy of keeping "in touch" with both sides. On the other hand, the American policy reversal and the failure of Tokyo's Indochina conference shortly before that proved again that it is the United States and not Japan which still matters most.

Outlook

The purpose of this short overview is to show that Japan's security policy towards Southeast Asia — security policy being understood in a very broad way by the organizers of the conference — has evolved as a policy which is based on a rather narrow bipolar view of world politics. The major reason for this circumstance is the predominance of bilateralist policies in Japan's foreign and security policy, that is, the comprehensive Japanese-American relationship. It is a result of this bilateralist orientation, rather than because Japan is an Asian country or because it is geographically contiguous to Southeast Asia, that specifically regionalist policies have been developed towards Southeast Asia. However, this close link to the United States does not mean that Japan has no security policy towards

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Southeast Asia; rather, Japan considers that its security policy is best taken care of in co-operation with and under the leadership of the United States.

The future may change this orientation. As a result of the growing economic integration and interdependence of Japan and Southeast Asia, regionalist policies may gain more importance against the background of an economically, politically and militarily receding United States. It is inconceivable that the United States can sustain its military presence in East Asia without a concomitant economic presence. Because of its serious budgetary problems, shrinking economic outreach and a dramatic lessening of military tensions world-wide as a result of the Soviet Union's reorientation, the American military presence is decreasing. The issue is whether Japan, which has been gradually increasing its supplementary role to American military power in Asia, will replace the United States militarily. This need not be so. Japan has proved how economic means can be used to further its national interest, and it is successfully translating its economic and financial power into political power. Particularly in Southeast Asia, Japan is becoming a major cultural power which is increasingly replacing the United States as a global centre of popular culture. Moreover, in the new climate of reduced superpower tensions and declining regional conflicts in Southeast Asia, there is no need for Japan to substitute for the United States along traditional lines.

The regionalist orientation in Japan's foreign policy has become stronger in recent years and continues to grow, even though the original Pacific Economic Community concept had to be buried at the beginning of the 1980s for lack of commonality. Regionalist efforts are now concentrating on maximizing economic interactions and complementarities by improving communications, transport, and so forth, and by opening further the trade and investment regimes. The increase in economic flows among the Pacific Rim countries and the economic success of its members have led to greater interdependence. Gradually, Japan is taking over the role of the United States as the major market for the products of the region. The divides between Asia and Japan are evaporating and Japan can no longer regard itself as "an ultra-modern skyscraper towering alone above a vast garbage dump called Asia" as it was put in 1986 by a well-known Japanese political critic. Japan now feels it has a mission to represent Asia at international economic fora such as the economic summit meetings and the OECD, and is eager to find some formula for a regional grouping which will fare better than the Pacific Economic Community concept.

Japan's new relationship with Asia will depend on how wisely Japan translates its economic preponderance into leadership, on the management of potential instability in several Asian hot-spots such as the Philippines and the Korean peninsula, and on the attitude of the United States. Japan's

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position in Asia is much too delicate, for historical reasons as well as because of contemporary fears of dominance in the other Asian countries, to allow the emergence of a Japan-led bloc. Moreover, the economic forces behind globalistic policies are much too strong and this will limit Japanese efforts in the security field in order not to risk these global interests. The willingness and capability of the United States to participate in this Pacific economic integration, to manage its economic friction with Japan and other Asian countries, and to maintain its security commitments in the area will be of crucial importance. The success of the economic and political transformation in China will also deeply affect Japan's relations with the rest of Asia. For the time being China needs Japan, but once it is confident of its modernization or changes its modernization policy as it has done now, it may conduct a foreign and security policy which is seen as inimical by several Asian countries and which might bring it into confrontation with Japan.

The "Pax Americana" will not be replaced by a "Pax Nipponica". There is no possibility that Japan will replace the United States as a hegemonic power. The size and demographic development of its population, the physical limitations of the Japanese islands, the size and structure of its economy, and the different regional order with much stronger states will not allow Japan to reach the status of a traditional world leader. There is also no political will supported by sufficient domestic forces to encourage and sustain such a development. Moreover, as the United States is experiencing now, political and economic interdependence has reached a degree unknown to earlier hegemonic powers. The more Japan expands and prospers economically, the more it becomes dependent on other countries. Japan will have to open up its economy further, which, in turn, will naturally become more vulnerable to the vicissitudes of the total world economy. Japan's increasing investments abroad cannot be protected by military power, but only by participation in the management of international politics and economics. The withholding of investment today can act as a much greater threat to an economically weak Asian country than military means. However, military power will continue to have importance in a diffused power constellation with so many volatile hot-spots such as Asia, and arms control will therefore have less impact on this region. The effects of superpower arms control policies on the position of the United States in the Pacific may in the intermediate term even enhance Japan's armament programme, if not more visibly accompanied by a reduction of instability in Asia. The Iraqi invasion of Kuwait has demonstrated that in the wake of weakened superpower influence regional powers with hegemonic ambitions can feel encouraged.

The best advice which can be given to Southeast Asia is, therefore,

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not to allow the formation of a power vacuum which could be interpreted again by Japan as a threat to its security or far-flung economic interests (such as the safety of the sea lanes), to try to contain regional instabilities on their own and to develop a closely knit community capable of responding to any economic and political–military challenge. A major trial of Japan's security role in Southeast Asia will be its contribution to the planned U.N. involvement in Kampuchea which, even more than in the case of the Gulf crisis of 1990, will demand Japanese personnel involvement in peace-keeping operations.

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China and Japan in ASEAN's Strategic Perceptions

JULIUS CAESAR PARREÑAS

The search for common approaches to problems facing the region has become especially crucial at a time when the Kampuchean question will soon cease to become a major rallying point for the ASEAN member countries. This article argues that collective approaches towards the region's relations with China and Japan can be developed. Finding parallel perceptions towards the two extra-regional powers within the community, it contends that these common interests are important in maintaining ASEAN unity and preventing intervention by the extra-regional powers. By specifically identifying interdependent linkages in their individual security concerns, a workable framework responsive to the changing international environment can be pursued by the regional organization.

Major extra-regional powers have long played dominant roles in Southeast Asian strategic perceptions. China's relations with the peoples of the region stretch back several centuries, and the presence of ethnic Chinese in Southeast Asia has preserved a degree of Chinese cultural influence to this day. Western colonialism had shaped much of Southeast Asia's political, economic and cultural life. During World War II, Japan and the Western countries fought over control of the region, which in the ensuing Cold War years again became a flashpoint of conflict. Now, as the beginning of the Pacific Century approaches, Southeast Asia finds itself once more in the midst of old and new powers seeking their places in the emerging international order.

The Association of Southeast Asian Nations (ASEAN) is a very

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significant geopolitical novelty. Before its advent, Southeast Asia, composed of several smaller and weaker states, had been to a large extent a mere object in the major powers' struggle for dominance in the Asian-Pacific region. The founding of ASEAN brought several Southeast Asian states together and, for the first time in history, made possible a more unified Southeast Asian response to events affecting them. Together with Southeast Asia's relatively rapid economic development, this fact created the possibility of a new power centre emerging in the southwestern Pacific.

This development is creating a triangular relationship in the Western Pacific among China, Japan and ASEAN that could significantly affect the region's security, politics and economy. However, ASEAN is still a long way off from becoming a major power in the sense that both China and Japan presently are. While China is a military power and Japan an economic power, ASEAN has yet to achieve a level of economic prosperity and military capability that could transform it into a major regional political power in the same class as China and Japan. Neither has it so far developed an adequate political structure which can ensure the pooling of resources and a unified response to challenges and threats.

Notwithstanding such limitations, the ASEAN countries have been trying to harmonize their foreign, security and economic policy approaches towards China and Japan. Perceptions based on geostrategic, historical and economic factors have shaped these policies to a great extent. These perceptions vary from one country to another as a result of different geographical situations and historical experiences. But geography and history have also contributed to the ASEAN countries' felt need to co-operate closely with each other and adjust their policies to accommodate the goal of organizational unity. The dynamics of how their perceptions of the Chinese and Japanese roles in the region have been translated into national policies within the framework of ASEAN co-operation is the subject of this article.[1]

For this purpose, this article has been divided into five parts. The first part deals with the geographical, historical and economic factors affecting the ASEAN countries' perceptions of China and Japan. The second part analyses the importance of ASEAN as a factor in the policies of its member countries. The third part describes the changing international environment and the changing roles of China and Japan as they affect the ASEAN countries. The fourth part analyses the ASEAN countries' individual and collective responses to these changes as a result of their perceptions of the two major powers' respective roles. The last part concludes by summarizing the contents and suggesting future directions that the ASEAN countries' policies can take towards China and Japan.

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ASEAN States' Perceptions of China and Japan: Geographical, Historical and Economic Factors

Indonesia

Indonesia's large territory and population size, as well as possession of rich natural resources, have given it sufficient justification to claim for itself a leadership role in Southeast Asia. At the same time, its archipelagic character, viewed in the context of its inadequate military capabilities, is a source of strategic vulnerability. Coupled with potential separatist tendencies among some of its non-Javanese population, this makes it imperative for Indonesia to influence its immediate environment in order to ensure its territorial integrity and national security.[2]

Indonesia's much smaller Southeast Asian neighbours, because of their lack of economic and military capabilities, are not in a position to threaten Indonesian security. However, extra-regional powers with capabilities to project their military presence and to influence Indonesia's neighbours are seen as rivals for regional leadership and potential security threats.[3]

China and Japan, being potential naval powers, are among those who belong to this category. China is a potential long-term threat because of its size, its proximity, its possession of nuclear weapons, its territorial claims to the South China Sea and its past history of treating Southeast Asia as its sphere of influence. Japan is another potential threat as a result of its industrial power, which could easily be translated into military might. This capability has already been demonstrated during World War II. Its growing economic role in Southeast Asia also enhances Japan's potential to influence the politics of Indonesia and its neighbours.

The overseas Chinese play a role in the Indonesian leadership's perceptions of China. The lack of integration of these overseas Chinese in Indonesian society has led to their being considered as an alien group. Their rise to economic prosperity and predominant role in the Indonesian economy has spawned tensions between them and the Malay majority.[4] These tensions have been mixed with the suspicion prevalent among the Islamic and military establishments that Communist China is making use of the overseas Chinese to influence and dominate Indonesia and the whole of Southeast Asia. The failed communist takeover attempt of 1965, in which many overseas Chinese were involved, had a significant impact on the Indonesian leadership's perception of China as the major long-term threat to Indonesia's security.

Economic relations also play a significant role in Indonesian foreign policy perceptions because they represent an important component of economic development, which Indonesia is pursuing in order to bolster

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its capability to enhance its internal and external security. In this respect, Japan plays a positive role, being Indonesia's most important trading partner and the main source of foreign investments and development aid. China, on the other hand, is a potential competitor for labour-intensive export products in the world market, and does not have extensive economic relations with Indonesia.[5]

Malaysia

Malaysia's geographical situation presents difficult security problems for Kuala Lumpur. It shares common borders with all other ASEAN countries and its territory is divided by the South China Sea into two parts. Having a relatively small population and still limited military capability to defend its territorial integrity, Malaysia remains insecure. This insecurity has its roots in the conflicts with Indonesia in the early 1960s over the creation of the Federation and with the Philippines over Manila's claim to Sabah, which is as yet unresolved.[6] Kuala Lumpur is also wary of separatist sentiments in the two large East Malaysian states of Sabah and Sarawak.

Ethnic tensions between the politically predominant Malays and the economically powerful overseas Chinese, which both compose large separate portions of its population, contribute greatly to Malaysia's security problems.[7] These ethnic tensions affect Malaysia's relations with Singapore (which has a predominantly Chinese population) and with China. Thus, external conflicts are potentially destabilizing because of their possible effects on inter-ethnic relations and on internal security in Malaysia. As a result, Malaysia's main security concern lies in the preservation of both domestic and regional political stability, and thus perceives the roles of extra-regional powers in relation to this.

China is seen as a potential destabilizing factor in the region for several reasons. The ruling Chinese Communist Party's ties with the subversive communists in Malaysia, which had posed a grave threat in the late 1940s, and elsewhere in Southeast Asia, illustrate this point. Beijing's perceived influence over the Malaysian Chinese community is also seen by the Malay political élite as a possible instrument that the Chinese leadership can use in attempting to influence and dominate Malaysian politics.[8] Because of the overseas Chinese community's important role in Malaysia's economy and politics, the Malay political élite does find itself in a disadvantageous position *vis-à-vis* Beijing.

For these reasons, Malaysia is least interested in any conflict involving China, which could fuel domestic tensions, whichever side Kuala Lumpur would take in such a conflict. This corresponds to Malaysia's neutralist stance in its foreign policy and its efforts to promote greater ASEAN

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co-operation, which are supposed to lead to greater regional stability and prevent possible conflicts, especially those involving China.

China's claim to a large portion of the South China Sea, including islands which Malaysia is also claiming, poses a direct threat to Malaysian external security. This threatens to cut the communication lines between East and West Malaysia. The situation is further complicated by the territorial claims of other Southeast Asian countries such as Vietnam and the Philippines in the area, as well as by Indonesia's possible involvement because of its suspicions of Chinese designs to dominate the region.

Although there is uneasiness about Japan's growing power and its potential as a destabilizing factor as a result of the experience of World War II, its role so far has been largely positive and supportive of regional stability. For the Malaysian leadership, Japan is the country's most important economic partner, especially in its drive to boost Malaysia's economy and defence capability.

The Philippines

The Philippines' archipelagic character presents security problems similar to Indonesia's. With a relatively weak economy and military capability, the country is vulnerable to attacks by naval powers, as its history has shown.[9] China and Japan, both potential naval powers, are possible future threats to Philippine security, more so because of their geographical proximity. China's claims to the South China Sea, which include the strategically-located Philippine-claimed Kalayaan Islands, reinforce Philippine perceptions of China as an external security threat. Japan's invasion and occupation of the Philippines during World War II is still an important factor dominating many Filipinos' perceptions of Japan.

However, the Philippines' insular position and the presence of U.S. naval and air force facilities have provided it a certain degree of security. This situation has resulted in a much reduced threat perception and a low degree of sensitivity to changes in the geostrategic environment.[10] Domestic security problems posed by the communist insurgency and the separatist movements in the Southern Philippines have focused the attention of the national leaders inward. The dominant foreign policy issues have been those that are related to largely domestic concerns, such as the issue of the U.S. military facilities and the Philippines' relations with the members of the Organization of Islamic Countries. The issue of external security has been given low priority among the concerns of the government.

Another factor that must also be considered with regard to the Philippine leadership's strategic perceptions is the strong U.S. influence in

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Philippine foreign and security policy. The high degree of dependence of Philippine government offices which have to do with security and foreign policy, such as the external affairs, military and intelligence establishments, on the United States for training, logistics and intelligence information has pulled Manila's strategic perceptions in the same direction as Washington's. U.S. political support is also important in the context of Philippine national politics. Consequently, the Philippines' relations with China and Japan have followed the pattern of these countries' relations with the United States.[11]

Domestic political and economic developments have been the most important factors determining the Philippine Government's perceptions of China and Japan. On the one hand, China has been considered a potential threat not so much because of its territorial claims to the Kalayaan Islands, but primarily because of its links with the outlawed Communist Party of the Philippines. China's Communist Party had provided assistance to the Philippine communists in the late 1960s and early 1970s, and still maintains official ties with them. On the other hand, the Philippines has a more benign attitude towards China than its Malay neighbours do, because of the success of the overseas Chinese population in integrating themselves in Philippine society. The overseas Chinese in the Philippines are also oriented more towards Taipei than Beijing through family ties.

Japan is viewed in a positive light because of its large economic role, which is perceived as contributing to national economic development. Although there are fears that Japan could become economically dominant in the Philippines, the large presence of American, and lately, Taiwanese and Hong Kong investors provide a counterbalance to the Japanese economic presence. China, on the other hand, is a competitor in the world market for labour-intensive products.

Singapore

Singapore's small size and the dominance of the Chinese component in its demographic structure are sources of insecurity, especially since Singapore lies between two larger Malay-dominated neighbours, Malaysia and Indonesia, whose political leaderships view the overseas Chinese with suspicion. Malaysia is especially important to Singapore because of its economic and infrastructure linkages between the two states. Singapore's total dependence on trade for its survival makes it very vulnerable and sensitive to changes in the international environment affecting Southeast Asian security. Singapore's security concerns thus focus on regional political stability and on its relations with Malaysia and Indonesia.

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Owing to family ties and culture, most Singaporeans are more sympathetic towards China than their Southeast Asian neighbours are. However, the government is restrained from translating its constituents' natural sympathy into policies by the need to downplay the Chinese factor in Singaporean politics in order to maintain inter-ethnic harmony at home as well as good relations with Jakarta and Kuala Lumpur.[12]

This consideration also seems to account for the Singaporean leadership's wariness of China as a destabilizing factor in Singapore's relations with Malaysia and Indonesia. China's support for Chinese-dominated subversive communist organizations in Southeast Asia in the late 1960s, for example, heightened ethnic tensions in Malaysia and Indonesia, which in turn strained their relations with Singapore. Apart from the anti-communist convictions of Singapore's political élite and the need to provide a stable political environment for economic activities and national development, the ethnic aspect of Singapore's internal and external security is an important reason for the government's firm anti-communist policy.[13]

From the economic point of view, both China and Japan are important to Singapore. Japan has become Singapore's most important economic partner. China, whose economy is complementary to that of Singapore, is a potentially significant economic partner and can be instrumental in the attainment of Singapore's objective of becoming Southeast Asia's financial centre.[14]

China and Japan, being both major political actors, are important in the balance of power, which ensures stability in the Asian-Pacific region. However, they could become destabilizing elements if their policies should lead them to political and military involvement in Southeast Asia, thus complicating Singapore's relationships with its neighbours and endangering its own political stability. As a result, Singapore would prefer the continued military predominance of the United States in the Western Pacific and in Southeast Asian waters as a stabilizing factor that is acceptable to the other ASEAN countries as well.

Thailand

Thailand's rivalry with Vietnam for political influence in Indochina, as a result of historical Thai fears of land-based threats, and both countries' geographical proximity to China are significant to Thailand's strategic perceptions.[15] Thai perceptions of China's role depends on the triangular relationship among Thailand, China and Vietnam.[16] China was considered as a threat to Thai security during the Cold War years up to the early 1970s because of the Chinese communist leadership's support for the subversive communist movements in Thailand and in the rest of Southeast

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Asia. Thailand was then aligned with the United States and its allies against China and communist-ruled North Vietnam.

Thailand's relations with China changed as a result of the Sino-Vietnamese conflict, especially after Vietnam invaded Kampuchea and posed a threat to Thailand's security. The common interest in preventing the consolidation of Vietnamese predominance in Indochina has led to defence co-operation between Bangkok and Beijing. However, the Sino-Thai partnership, viewed in the context of recurrent patterns in Thailand's foreign policy, should not be considered as permanent. Improvement in Thai-Vietnamese relations, and the subsequent reduction of the perceived security threat from Vietnam, could easily lead to a change in Sino-Thai relations.

China, because of its size and proximity, is also considered a potential threat to Thai security. But as in the case of the Philippines, Sino-Thai relations have not been complicated by ethnic factors as in Indonesia and Malaysia, mainly because the overseas Chinese in Thailand, comprising about 10 per cent of the country's total population, have been relatively well integrated into Thai society.[17] However, inasmuch as Thailand's security is also affected by ASEAN's, and specifically Malaysia's security, China could easily be a potential threat if its policies have a destabilizing effect on ASEAN.

Japan has played a significant role in Thailand's economic development as the main source of foreign investments and development aid as well as the country's major trading partner. Thailand does not share the other Southeast Asian countries' predominantly negative view of Japan's role during World War II, itself having been allied to Japan during that time as a matter of convenience.

The Thai foreign policy tradition, which has been effective in helping to preserve Thai independence even during the colonial era and World War II, lends a certain flexibility to the Thai leadership's management of external relations. It has also affected the Thai political élite's strategic perceptions, in the sense that it does not consider any country as a permanent threat, but views it as a possible ally in the struggle to remain independent and in the promotion of Thai national interests.

ASEAN as a Factor in its Member States' Strategic Perceptions

ASEAN is an important factor in the foreign and security policies of its member states because these policies, especially those related to regional issues, are to a large extent harmonized within the organization, either formally or informally. While ASEAN's original charter stressed

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co-operation in the economic, social and cultural rather than the political and security fields, it is clear that political and security factors have played a much greater role in the organization's history and development. Economic, social and cultural co-operation, which has up to now failed to have any significant impact on the region, appears to have been little more than a facade for a forum where ASEAN states' officials harmonized their policies in those areas that mattered more to them — regional politics and security.[18]

ASEAN occupies a very significant place in its member states' strategic perceptions. As an organization, ASEAN contributes to the peaceful resolution of possible conflicts that may arise among the member states because of the region's ethnic, religious and cultural diversity and because of the proliferation of border problems that was a legacy of the colonial era. The existence of an organization providing a mechanism for conflict resolution is considered important in order to prevent the intervention of major powers, which in the past had often served only to exacerbate such conflicts.[19] Thus, ASEAN as an organization was supposed to reinforce and ensure peace and political stability in the region, which the member states see as prerequisites for economic growth and development.[20]

ASEAN also serves as a vehicle for enhancing each member state's security and increasing its political clout, especially *vis-à-vis* militarily and economically more powerful international actors. By working together to forge a common approach to certain issues, the individual member states, which taken individually have very limited political and economic leverage, increase their chances of achieving their goals and objectives.[21] This tends to become even more important as perceptions of security threats from outside ASEAN intensify as a result of increased uncertainty or international shocks.

The different member states also had some other specific motives for membership in the organization that reflect their various strategic perceptions.[22] However, there is a common interest in regional co-operation that springs from the interdependent nature of the Southeast Asian countries' security. Internal and external security problems in one state affect the security of the neighbouring states to a great degree — a situation arising not only from geographical proximity, but also from ethnic, religious, social and economic linkages between them. Indochina and the South China Sea are two vital areas in which the ASEAN countries' security interests are linked with each other.[23] As a result, ASEAN unity is perceived as a goal that must be promoted and considered important in the member states' policies.

ASEAN's objective of promoting regional stability poses certain limits on ASEAN co-operation. The inclusion of military co-operation in

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ASEAN's official agenda has been avoided precisely because its effect was considered to be destabilizing.[24] Given the strained relations between Thailand and Vietnam and the ideological barriers dividing communist Indochina and ASEAN, it was feared that the establishment of an ASEAN military alliance would lead to the polarization of Southeast Asia into two opposing blocs, inviting the intervention of major powers and resulting in greater political instability.[25]

Other factors account for the ASEAN countries' lukewarm attitude towards the formation of a formal military alliance. One is the lack of political institutionalization and the remaining doubts about the political stability of member countries, which could complicate relations among them if established ASEAN governments, bound by a treaty to assist each other, were to be called for support by a government beset by serious domestic security challenges.[26] Another is the lack of trust between the ASEAN states because of the existence of unresolved territorial claims, as well as unresolved ethnic and religious problems.

However, these have not hindered the ASEAN states from co-operating in the field of diplomacy and security. Since the 1971 ZOPFAN (Zone of Peace, Freedom and Neutrality) declaration, ASEAN has openly involved itself in diplomatic co-operation among its member states. Co-operation in security-related matters, such as intelligence, police operations and the development of their armed forces,[27] has been carried out bilaterally and multilaterally outside the framework of ASEAN. Thus, while avoiding the pitfalls of a formal alliance, the ASEAN countries have developed a certain level of security co-operation that could be further intensified under more favourable conditions.

These considerations highlight the ASEAN states' concern for greater security as economically and militarily weak states in a region dominated by major extra-regional powers. The realization of their weakness and of the interdependent linkages of their individual security situations enhances the value of ASEAN unity in their perceptions, which is the key to understanding the ASEAN states' individual and collective actions.

The Changing International Environment and the Roles of China and Japan from ASEAN's Perspective

The Changing International Environment

Changes in the international environment have resulted in adjustments of policies on the part of the ASEAN states. The process of adjusting policies to new situations is also shaped by perceptions, which are also affected by change. The Asian-Pacific region has experienced and is experiencing

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such rapid changes for two decades now. These changes merit attention because of their effects on the ASEAN states' perceptions of China's and Japan's roles in their security. The following are some of the more important ones.

The Re-emergence of Multipolarity

The bipolar character of international relations during the Cold War era has been giving way to a new order where several independent power centres coexist and compete with each other. The Cold War pattern of international relations divided the region into two opposing blocs led by the United States and the USSR. The dominant military and economic position of the United States in the Western Pacific then had justified the other countries' acceptance of its leadership and trust in its role as protector.

However, the declining economic and military position of the United States relative to those of other countries in the Asia-Pacific has eroded Washington's claim to leadership.[28] The growth of Japan's economic power has led to Tokyo's emergence as a significant political factor beside the three Pacific nuclear powers. The military positions of China and the USSR have considerably improved with the massive build-up of their nuclear and conventional forces in the Western Pacific.[29] As no other country has been able to take over the role that the United States had played in the region during the Cold War years, several power centres are emerging as major players in the Western Pacific.[30]

The Rise of Vietnam as a Southeast Asian Power

The reunification of Vietnam in 1975 and the massive military assistance given by the USSR created a militarily-strong state in Indochina, which began to challenge Chinese influence in mainland Southeast Asia and posed a potential threat to Thailand's security. Because of its communist ideology, it also posed a potential threat to the ASEAN countries, whose governments have been fighting against subversive communist movements.

However, this also created a strong state that can serve as a potential buffer between China and the rest of Southeast Asia, including the ASEAN countries. Vietnam's success in bringing Laos under its sphere of influence and in breaking the Beijing-oriented Khmer Rouge's rule in Kampuchea had diminished China's possibilities to influence events in Southeast Asia. Given the historical antagonism between Vietnam and China, the prospects for a Beijing–Hanoi alignment are not good.

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The Diminishing Role of Ideology in International Relations

Ideology had accounted for much of the Cold War pattern of international relations. After Indonesia's change of government in the mid-1960s, the non-communist Southeast Asian countries (with the exception of Burma) were aligned — either formally or informally — with the United States. The highly antagonistic relationship between the two blocs as a result of the great influence of ideology on international relations enhanced the cohesion of the U.S.-led bloc. However, the replacement of ideological alignments with strategic ones has led to the waning of the antagonism between the "communist" and the "capitalist" blocs. The Sino–Soviet and Sino–Vietnamese conflicts, Washington's pursuit of an alignment with Beijing and the resultant downgrading of U.S. security commitments to non-communist Asian countries eroded in turn the cohesion of the Cold War blocs.

The decline of the influence of ideology has been continued with the crumbling of the Stalinist order in the USSR and in Eastern and Central Europe. It has also affected Vietnam's economic and foreign policies.[31] This has resulted in the further reduction of antagonism between the USSR and its allies on the one hand, and non-communist countries, including the United States, on the other.[32] As ideology's influence declines further, the strategic factor in the security perceptions of states becomes more important. A continuation of this trend will definitely affect political alignments in the Asia-Pacific, which are presently still influenced to a great extent by ideological factors.[33]

The Increasing Importance of Economic Issues in International Relations

Even as strategic considerations have become more important while the influence of ideology has declined, the economic aspect of strategy has gained in significance, especially as military confrontations have become less probable as a result of the nuclear stalemate and, lately, of the thaw in East–West relations. This has resulted first in a shift of the dimensions of conflict from East–West to North–South, as the issues of trade, economic development and Third World debt grew in importance. Since the early 1980s, the North-North conflict over issues related to trade, investment, fiscal and monetary policies have intensified.

These non-military conflicts have served to increase friction among the non-communist countries and within the Western alliance itself. Its huge trade deficit has forced Washington to adopt a less open approach to trade, straining its relations with Western Europe, Japan and the newly

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industrializing economies (NIEs) of East Asia.[34] On the other hand, Japan's growing prosperity and technological capabilities have served to fuel negative reactions in the United States and in Western Europe.[35] The EC's move towards full economic integration by 1992 and the United States' signing of a free trade agreement with Canada, although not really signalling the start of a world division into economic blocs, have brought the world closer to such a scenario.

The increasing importance of economic issues in international relations would have significant implications for the Asia-Pacific because of the rapidly growing economic ties between the capital-rich countries of Northeast Asia on the one hand and the resource-rich Southeast Asian countries on the other. As a result of appreciating currencies, rising labour costs and increasing protectionism in the United States against exports from their countries, business companies from Japan and the NIEs have increased their investments considerably in the less developed ASEAN countries.[36] Japanese investments have led to increased intra-Western Pacific trade, especially as Japan's imports from the Asia-Pacific grew.

As a result of these developments, an economic bloc is emerging in the Western Pacific, composed of the Southeast and Northeast Asian countries and centred on Japan. This group is still dependent on a continued liberal world trade system, inasmuch as their main export markets are still North America and Western Europe.[37] However, this increasing economic interdependence in the Western Pacific is also affecting the strategic perceptions of the ASEAN countries, beginning with their business sectors, especially as Japan takes on the economic leadership role in the region.

Growth of the ASEAN Countries' Economies and Military Capabilities

The rapid growth of the ASEAN countries' economies in the 1970s and for the most part of the 1980s has improved their strategic positions. This has allowed most of the ASEAN countries to embark on the modernization of their armed forces and the improvement of their military capabilities. Except for the Philippines, which experienced a serious economic crisis in the years 1983–85 and which has concentrated its military efforts on solving internal security problems, the ASEAN countries have been able to enhance their external defence capabilities by acquiring modest maritime strike capabilities.[38]

Other Factors

There are many other factors that affect the ASEAN states' perceptions

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of China and Japan, such as the growth of anti-American nationalism in South Korea and the Philippines, the emergence and growth of religious fundamentalism in Malaysia and Indonesia, the end of the communist insurgency in Thailand and Malaysia and its growth in the Philippines during the mid-1980s, as well as the NIEs' growing economic and political role in the Western Pacific. However, these factors are considered to be less significant than the ones specifically mentioned above and are related to them in one way or another.

The Changing Roles of China and Japan in the Asian-Pacific Region from the ASEAN States' Perspectives

China. As Sino-American relations improved in the early 1970s, Beijing took a less ideological and more pragmatic approach to economic, political and security issues. This reduced tensions between China and the non-communist Southeast Asian states, most of whom were then faced with subversive communist movements oriented towards Beijing. This allowed the ASEAN states to normalize and improve their relations with China, which became necessary as the United States began to reduce its security commitments in Indochina.[39]

However, as the United States withdrew its military forces from mainland Southeast Asia and as Vietnam emerged as a military power and started to exert its influence in Indochina, Beijing became more directly involved in the affairs of the region. The Sino-Soviet conflict was extended to Southeast Asia, which China saw as part of the Soviet strategy to "encircle" it. As a result, China began to actively intervene in Indochina in order to contain Vietnam, which was allied to Moscow.

Beijing also started to build up its navy to attain the capability to operate in and to bolster its claim to a great part of the South China Sea by wresting from Vietnam the control over the Paracel Islands and by sending troops to occupy some islands in the Spratly group. Whether these moves were motivated primarily by Beijing's desire to fulfil its claims or by the fear of being encircled by the USSR is difficult to tell. However, these were understandable from the strategic point of view as measures to counteract the growth of Soviet influence in Indochina and of the Soviet Pacific Fleet's presence in Southeast Asian waters.

The effects of these developments on ASEAN have been different for the various countries. China has become a positive factor for Thailand's security after the Vietnamese invasion of Kampuchea. However, the extension of the Sino–Soviet conflict to Indochina and the involvement of Thailand and Vietnam in the Kampuchean issue threatened to involve ASEAN in the conflict and force them to take sides, a scenario

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that would — for reasons already explained above — extremely complicate matters for the other ASEAN countries. In short, Beijing's intervention in Indochina was a negative development for Thailand's ASEAN neighbours.

The build-up of the Chinese navy and its growing presence in the South China Sea have increased the external threats to the Philippines and Malaysia, both of which are claiming several islands and have stationed troops in the area.[40] Beijing has been careful in limiting armed confrontations here to those areas controlled by Vietnam, especially since it needs the ASEAN countries' support in its objective of limiting Vietnam's political influence in Indochina.[41] However, the continuing build-up of China's naval and amphibious capabilities could give China the military edge that it needs to confront the other claimants by the end of this century.[42] Indonesia, while not being directly involved in these territorial claims, is wary of the Chinese navy's presence in Southeast Asian waters.

The thaw in Sino-Soviet relations that culminated in the normalization of ties in early 1989 reduced tensions along the Sino-Soviet border, allowing Beijing to concentrate its efforts on fulfilling its objectives on its southern flank. However, internal problems arising from increased pressure for political liberalization to accompany its economic liberalization have led the Chinese leadership to turn its attention away from Southeast Asia to domestic politics. How long this can last will depend on how long the struggle for power in the wake of Deng Xiaoping's retirement will last and when a more unified leadership will emerge.

Japan. The growth of Japan's economic power has made it the ASEAN states' most important economic partner. Japan has become the top trading partner of the ASEAN countries except the Philippines, where it has been closely trailing the United States. It has also been the main source of development aid and foreign investments in Southeast Asia. This trend has been accelerated by economic factors that have been forcing Japanese enterprises to invest in and relocate production facilities to Southeast Asia.

The Japanese business sector is also playing an important role in integrating the economies of Southeast Asia among themselves and with the industrialized Northeast Asian economies. This is a positive contribution, especially to the growth of economic interdependence among the ASEAN countries, whose governments have so far failed to take bold steps together to increase intra-ASEAN trade and industrial co-operation.

However, Japan's role as military aggressor during World War II has continued to evoke fears of Japanese dominance of the region's economy. Japan's role as an engine for growth of the ASEAN states' economies and as a promoter of regional economic interdependence, although positively contributing to the ASEAN states' objectives of economic growth and

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development, is also putting Japan in a position to influence the whole region's economic development through its economic policies, which can easily become a political instrument.

Japan's growing security role in Northeast Asia has led to apprehensions about a possible Japanese military presence in Southeast Asia some time in the future.[43] In spite of these perceptions, however, Japan has actually been contributing to continued regional stability as it takes over some functions that the U.S. Pacific Forces have been performing but cannot continue to perform adequately as a result of budgetary constraints and the increasing requirements for maintaining adequate force levels to cope with growing threats.[44]

Japan's strategic and economic vulnerability, coupled with the sensitivity of its neighbours and economic partners to a possible revival of Japanese expansionist policies, severely limits its options. The preservation of the U.S.–Japanese alliance, with the United States continuing to provide Southeast Asia with a security umbrella as an assurance against the possibility of a resurgence of Japanese imperialism, still appears to be the safest and most convenient alternative for Tokyo.

The U.S.–Japanese alliance, however, has been put in danger by the increasing frictions between Tokyo and Washington regarding trade and investment issues. While anti-Japanese jingoism has flourished in the United States, the Japanese have become more vocal about their resentments against the latter. With the expansion of the role of Japanese business in Southeast Asia and the increasing development aid being channelled to countries in the region, Japan is undoubtedly building up a reservoir of positive perceptions in the region that could some time in the future enable it to take a more independent course in economics, security and politics.

The ASEAN States' Responses to the Changing Roles of China and Japan in Southeast Asia, 1967–89

Greater ASEAN Co-operation: Response to Overall Changes

The ASEAN states have responded to changes which have increased their external threat perceptions by strengthening their co-operation. The different stages in the development of ASEAN co-operation have followed events that have forced the ASEAN states to seek greater security.

The announcement of the Nixon Doctrine, the withdrawal of British troops from Southeast Asia and the thaw in Sino–American relations have served as the background for ASEAN's formulation of the concept of the Zone of Peace, Freedom and Neutrality in Southeast Asia, which defined a commonly-accepted objective for a future political order in Southeast

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Asia. While ZOPFAN has often been dismissed as a goal too ideal to be realized, and while differences in interpretation between member countries (Malaysia and Singapore) had been stressed, it must be pointed out that it had provided the ASEAN states with the basic framework or constitution necessary for subsequent diplomatic, political and security co-operation. The ZOPFAN Declaration itself was a bold move that underscored the ASEAN countries' willingness, at least in principle, to place the goal of Southeast Asian unity above their particular relations with extra-regional powers.

The communist takeovers in Indochina and the perception of an eventual withdrawal of U.S. military forces from Southeast Asia spurred the ASEAN governments to bolster the organization by holding the first ASEAN summit meeting in Bali in 1976, where economic co-operation was given a big push. Although ASEAN has failed in successfully implementing the plans for greater economic co-operation, it had provided a forum for the co-ordination of foreign policy that intensified as events in Indochina headed ever closer to a conflict.

The Vietnamese invasion of Kampuchea in 1979 further cemented ASEAN co-operation in foreign policy, which became successful, especially in the United Nations, in pressuring Vietnam to agree to most of the conditions that ASEAN had set at the start. Security co-operation among the ASEAN member states, while having been faithfully kept outside the organizational framework, was quietly intensified in the mid-1970s and continued to progress throughout the years, involving consultations, joint exercises and exchanges for military education and training.[45]

The ASEAN states have also promoted co-operation in external economic relations since the mid-1970s. ASEAN became a forum for adopting common approaches in negotiations with other countries and groups involving economic issues. As a result, ASEAN became a significant grouping in international organizations such as the United Nations and the UNCTAD.[46] The ASEAN Post-Ministerial Conferences have also become a venue for leading industrial countries to discuss economic issues with the ASEAN member states as a group.

The growing Chinese and Japanese roles in the region have been among the major factors that led the ASEAN states to intensify their co-operation. The prospect of China playing a larger role in Southeast Asia through its influence over communist Vietnam immediately after 1975 while uncertainty over the future U.S. security role in the region persisted created apprehensions in the ASEAN countries about Chinese and Vietnamese ties with local communist insurgents and the destabilizing effects of growing Chinese influence on the internal security and external relations of some ASEAN countries. The U.S. withdrawal from mainland

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Southeast Asia had left the ASEAN states with no alternative but to increase co-operation and unity to obtain greater security.

Japan was an important factor in the forging of the ASEAN states' co-operation in the area of external economic relations. The fear of Japan's economic dominance stimulated the ASEAN governments to increase their political leverage in negotiations by adopting a common stand and harmonizing their approaches towards their economic partners. However, this did not exclusively refer to Japan, but was also relevant to the ASEAN countries' other major economic partners.

Neutrality: Response to the Sino-Soviet and Sino-Vietnamese Conflicts in Indochina

The Sino-Soviet conflict in Indochina, which assumed the appearance of a "proxy war" between the Khmer Rouge and Vietnam, threatened to draw ASEAN to China's side because of the threat to Thailand's security posed by the Vietnamese presence in Kampuchea. This situation created tensions within ASEAN, as the Indonesian leadership's sympathies tended to be more towards Vietnam, and as Malaysia did not openly want to take sides (although the Malay political élite's sympathies clearly coincided with those of their Indonesian counterparts). Singapore opted to support the Thai position, reflecting partly its pro-Chinese sympathies and partly its wariness about increased Soviet military presence threatening the U.S. position in Southeast Asia and endangering regional stability.

These views were harmonized within the framework of ASEAN to produce a common position that their governments successfully pushed for in the U.N. General Assembly. The solution sought to satisfy Thailand by calling for the withdrawal of Vietnamese troops from Kampuchea and the establishment of a "neutral" government in Phnom Penh. However, ASEAN steered clear of a military solution as proposed by China and opted for a political solution that would avoid military conflict with Vietnam and keep it intact as a counterweight to China and as a buffer between China and ASEAN. In effect, ASEAN adopted a position of neutrality in the conflict, using China and the Khmer Rouge as a "stick" in order to goad Vietnam to agree to ASEAN's proposed solution, while Indonesia maintained communication with the Vietnamese leadership.[47]

Military Build-Up and Policy Co-ordination: Response to the Growing Chinese Naval Presence in the South China Sea

Malaysia and the Philippines are the ASEAN countries most directly involved in this issue. Indonesia is indirectly involved because of its concern

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over the Chinese military presence in Southeast Asian waters. As a result of the involvement of many countries in territorial claims in the South China Sea, it is difficult to ascribe the build-up of maritime strike capability undertaken by Indonesia and Malaysia since 1975 to their perception of a growing threat from China in the South China Sea.

However, it appears to be a significant factor behind these developments, as the growing Chinese military presence and capabilities in the area represent the greatest threat so far to these countries' interests in the South China Sea.[48]

Beijing was not, in fact, the first to station military forces in the Spratlys. However, the announcement of its claim to the islands and its invasion of the Paracels in the mid-1970s provoked the other countries to occupy the islands and atolls in the Spratly area. Beijing's acquisition of blue water capability, the build-up of its amphibious forces, the stationing of troops in the area and the clashes with Vietnamese forces heightened tensions among the claimants.

While the Philippines has stationed troops in the Spratlys and sought to legitimize its claim by establishing a local government unit in the area, it has failed to respond specifically to the Chinese build-up. Military resources were concentrated on the war against the communist insurgency. Concerns related to the Philippines' claim to the Spratly islands more often involved border problems with Malaysia, which were tied to the two countries' conflict over the Philippine claim to Sabah. These reflect the Philippines' overly domestic orientation and the low priority accorded to external security.

All the claimants to South China Sea territories have stated their preference for friendly negotiations and peaceful solutions to the problem of conflicting claims. However, while China keeps the military option open, the ASEAN states have no interest (nor capability) in using armed conflicts to back their claims within the near future.

The recent emergence of attempts in the background to co-ordinate the ASEAN countries' views specifically related to the South China Sea issue suggests that very little, if any, policy co-ordination regarding this issue has been done yet on the regional level. These attempts, however, show that the ASEAN countries are again beginning to respond to this challenge by harmonizing their policies and forging a common position that would carry more weight in Beijing, Hanoi, and Taipei.

Diversification of Economic Relations: Response to Japan's Growing Economic Role

The ASEAN countries' reaction to Japan's growing economic role in the region has been positive, largely as a result of their need for export

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markets, foreign investment and development aid. However, this development has been accompanied by uneasiness because of the possibility of their economies being dominated by Japan. Apart from this, there have been criticisms of Japan's trade, investment and aid policies as being arranged in such a way that they are too much in Japan's favour.

In spite of these misgivings, the ASEAN countries have been exerting efforts to promote more exports to Japan and more Japanese investments, especially in the manufacturing sector. The various ASEAN countries have had different degrees of success in their efforts, mainly because of differences in the general business climate. Malaysia, Singapore and, later, Thailand have been very successful in attracting more Japanese direct foreign investments in the last few years. The Philippines have not had much success because of the image of political instability, especially during the years 1983 to 1987.

In order to avoid economic overdependence on Japan, the ASEAN governments have been promoting the diversification of their economic relations.[49] Trade with and direct investments from other industrialized countries such as the United States, Canada, and the countries of Europe, as well as from Korea, Taiwan and Hong Kong, have been actively promoted through the activities of the offices of the ASEAN countries' governments based in these countries or through the strengthening of the commercial and economic sections of their embassies there. Again, the different ASEAN countries have met with various degrees of success, with the Philippines being the least successful in promoting economic relations with Western European countries. However, this has been offset by the traditionally strong American economic presence and the growing economic links with Taiwan.

ASEAN's Lack of Response to Japan's Growing Military Role in the Asia-Pacific

The ASEAN governments have expressed concern over Japan's growing military role in Northeastern Asia. They have also made clear their opposition to a Japanese military role in Southeast Asia. However, they have not been able to move beyond these to respond specifically to this development. One reason is the lack or inadequate dissemination of information and analysis (within the ASEAN governments' security and foreign policy-making bodies) on Japan's military modernization and its impact on Japan's capabilities to operate as an independent military power in Southeast Asia.

Another reason is the lack of consensus on a collective approach towards the U.S. military presence in the Philippines, which plays a crucial

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role in Tokyo's future security policies. Both from Japan's and ASEAN's perspectives, the possibility of a Japanese military role in the Western Pacific is at present not an issue because of the U.S. military presence in the region. The modernization and build-up of the Japanese Maritime Self Defence Forces have been undertaken in co-operation with Washington, and have resulted in an increased Japanese military capability within the framework of the alliance with the United States, but which is inadequate when taken independently of the U.S. Pacific Forces. Moreover, as long as the U.S. Pacific Forces maintain an adequate military presence in Southeast Asia, the security of the sea lanes in the region is guaranteed.[50]

However, the uncertainty over the future of the U.S. military presence in the Philippines and of the U.S. security role in the region itself also makes the future of Japan's security role uncertain.[51] A U.S. pull-out from Clark Air Base and Subic Bay Naval Base in the Philippines would reduce the U.S. military presence in the Asia-Pacific in general. The recent developments in East-West relations and their effects on Washington's strategic thinking further heightens this uncertainty.

This uncertainty underlies the ASEAN countries' lack of specific responses to Japan's changing security role in the Asia-Pacific. Faced with immediate concerns such as the Indochina problem on the political side and the issue of Pacific Basin co-operation on the economic side, they have attached low priority to the issue of their individual and strategic responses to this development, and relegated this to the future.

Conclusion: The ASEAN Countries' Policies Towards China and Japan in the 1990s

It is difficult to ascertain the more or less exact direction of the ASEAN countries' policies towards China and Japan in the coming decade because of the continuing uncertainty specifically over Japan's security role and over the future direction of China's economic and security policies at this stage. However, it would be expected that the ASEAN states' policies would be influenced by their strategic perceptions of China and Japan, as the examination of their policies throughout the last two decades has shown.

For different reasons, China is perceived by the various ASEAN countries as the main long-term threat to regional stability and, either directly or indirectly, to their external security. The ASEAN countries' perception of Japan is much more positive. This is tied to the condition that Japan does not totally dominate their economies and does not extend its military role to Southeast Asia.

ASEAN's future relations with China and Japan will be affected by the direction of internal and international political changes currently taking place. The USSR's and Vietnam's past policies in Indochina have forced

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ASEAN (and Thailand in particular) to move closer to Beijing, despite ASEAN's perceptions of a long-term threat emanating from China.

However, an improvement in the USSR's image among Southeast Asians, improvement in Thai–Vietnamese and ASEAN–Vietnamese relations, and China's increasing political isolation would intensify ASEAN's perception of the Chinese threat.[52] Continued expansion of the PRC's naval capabilities and activities in the South China Sea could put China and ASEAN in an adversarial relationship. This could be avoided if China refrains from exerting too much influence on events in Indochina (once Thai–Vietnamese relations have improved) and from actively pursuing its claims to the South China Sea.

The future of the U.S. military facilities in the Philippines could affect ASEAN's relations with Japan, depending on Japan's response to changes regarding this issue. A reduced U.S. military presence in Southeast Asia could put pressure on Japan to take steps leading to the continued security of the sea lanes in the region. If Japan responds by further increasing its military role and extending this to Southeast Asia, its relations with ASEAN would be strained. However, if Japan responds by massively helping ASEAN enhance its economic and military capability to gradually take over responsibility for the security of the sea lanes in the region, ASEAN and Japan would move closer to each other and possibly form a political partnership in the Western Pacific.

Another factor that would affect Japan–ASEAN relations would be the international economic environment. ASEAN's success in diversifying its economic relations by building up investment and trade ties with the European Community, the United States, Taiwan, South Korea and others to balance the growing Japanese economic overdependence on Japan, would ensure a positive perception of Japan within the ASEAN countries. Furthermore, the integrating effect of Japanese foreign investments on the ASEAN economies would have a positive effect on their perception of Japan as a contributor to ASEAN co-operation.

The effects of the ongoing political and economic developments on ASEAN co-operation would be vital to the ASEAN countries' individual responses to China's and Japan's changing roles in the region. The desire on the part of the individual member countries to preserve ASEAN unity has led them to modify their foreign and security policies, which could have been different had there been little interest to co-operate their policies and forge a common stand. The Indochina issue could already have split ASEAN had it not been for the desire to preserve regional unity. There are many other issues that lie ahead which could become divisive factors.

However, ASEAN has been successful so far not only in preserving, but even in promoting its unity. Judging from its development over the last two decades, it appears that the member states' interest in ASEAN

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unity is greater than other interests which tend to have a divisive effect on the organization. There have been suggestions that the solution of the Indochina problem would leave the ASEAN countries with no more significant cause to rally around. These suggestions evidently do not take into consideration that the future could present even greater threats to these countries' external security. If only for the strategic uncertainties that would follow the Cold War's demise, the pressure for co-operation among these weaker states in a region dominated by several major powers could be expected to mount.

NOTES

1. This study focuses on the period starting 1967, the year of ASEAN's foundation up to the present. It does not include ASEAN's sixth member, Brunei, which joined the organization only in 1984.
2. According to the Indonesian Armed Forces' Doctrine of National Resilience, Indonesia faces a threat from problems of instability arising from ethnicity, religion, race and inter-group rivalries which can merge with outside threats or be perpetrated by external forces. See Dorodjatun Kuntjoro-Jakti and T.A.M Simatupang, "Indonesia: Defence Expenditures in the Period of the New Order, 1967–85", *Defence Spending in Southeast Asia*, edited by Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 1987), pp. 113–14.
3. The Japanese invasion, the war of independence against the Dutch, and the post-war conflicts with Great Britain and the United States, both of which exercised influence over Indonesia's immediate neighbours, illustrate this point.
4. C.P. Fitzgerald, *China and Southeast Asia Since 1945* (London: Longman, 1973), p. 35.
5. Evelyn Colbert, "Changing Relationships in Southeast Asia: ASEAN, Indochina and the Great Powers", *Contemporary Southeast Asia* 4, no. 1 (June 1982): 82–83.
6. Richard Allen, *Prospect and Retrospect: The Impact and Aftermath of Colonial Rule* (London: Oxford University Press, 1968), pp. 162ff.
7. The difference between Malaysia's situation and Indonesia's is the numerical significance of the overseas Chinese in Malaysia (which make up over 30 per cent of Malaysia's population, compared to the Indonesian Chinese which compose less than 4 per cent of the total Indonesian population). Thus, the Malaysian Chinese have to be accommodated in Malaysian politics to a far greater degree than their Indonesian counterparts. See Takashi Tajima, *China and Southeast Asia: Strategic Interests and Policy Prospects*, Adelphi Papers No. 172 (London: International Institute for Strategic Studies, 1981), p. 21.
8. The Malay political élites' perceptions of Beijing's links with the Malaysian Chinese community were influenced greatly by the fact that overseas Chinese composed more than 90 per cent of the members of the outlawed Communist Party of Malaya during the Emergency years; Fitzgerald, op. cit., pp. 67–70.
9. The Philippines was successfully attacked by naval powers three times since the Spanish colonization of the islands; by England in 1762, the United States in 1898 and by Japan in 1941/42. The Philippines' geostrategic position at the centre of the Western Pacific makes it a prize catch for ambitious naval powers and a potential target for occupation and attack in times of great power conflict. See Klaus O. Bölze, "Die Philippinen:

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Gebrechliches Standbein westlicher Sicherheitspolitik", *Europaeische Wehrkunde* 35, no. 3 (March 1988): 145.

10. Michael Leifer, *The Foreign Relations of the New States* (Camberwell: Longman Australia, 1979), pp. 41–42.
11. Felipe Miranda and Ruben Ciron, "The Philippines: Defence Expenditures, Threat Perception and the Role of the United States", in Chin Kin Wah, ed., op. cit., pp. 159–62.
12. John Wong, *The Political Economy of China's Changing Relations With Southeast Asia* (New York: St. Martin's Press, 1984), pp. 89ff.
13. Chin Kin Wah, "Singapore: Threat Perception and Defence Spending in a City-State", in Chin Kin Wah, ed., op cit., pp. 198–99.
14. Ibid., pp. 121–22.
15. Sukhumbhand Paribatra, "Thailand: Defence Spending and Threat Perception", in Chin Kin Wah, ed., op. cit., pp. 77–78.
16. Ruediger Machetzki, "Gefahren einer Ausweitung des Indochina-Konfliktes auf Thailand und Suedostasien", in *Indochina: Der permanente Konflikt?* edited by Werner Draguhn and Peter Schier (Hamburg: Institut fuer Asienkunde, 1985), p. 215. See also Astri Suhrke, "ASEAN: Adjusting to New Regional Alignments", *Asia-Pacific Community*, No. 12 (Spring 1981), pp. 16–17.
17. Thai attitudes towards the Chinese were different during the early part of the century, as Chinese immigration into Thailand surged greatly after the 1911 Revolution. Laws discriminating against the Chinese were passed after the military takeover of 1932. Thailand did not have diplomatic relations with Republican China until the end of World War II. See Fitzgerald, op. cit., pp. 61–62.
18. Because of the competitive nature of the ASEAN countries' economies (with the exception of Singapore), trade liberalization in ASEAN has been blocked by the position repeatedly taken by Indonesia and Malaysia against Singaporean and Philippine suggestions for a faster pace of trade liberalization. See Ooi Guat Tin, *Towards A Liberal Trade Regime*, ISIS ASEAN Series (Kuala Lumpur: Institute of Strategic and International Studies, 1986), p. 5.
19. Singapore Prime Minister Lee Kuan Yew had summarized this problem in the following words: "Any dissident group . . . that receives a boost through contacts within the region with such common-cause funds from outside the region will sooner or later set off a chain-reaction for similar inflows from other funds, for other common causes. In the end, such interventions are a grave disservice to the collective interests of all . . . . For, if forces extraneous to the region are allowed . . . to advance their influence . . . through the supply of money and arms, then the great powers will soon get into the act . . . . [If] the countries of Southeast Asia, whatever the differences and conflicts between themselves, can place their group interests beyond such interventions, then they have a fair chance of preserving the maximum of freedom of choice provided by a balance between the great powers". See Wolfgang Stargardt, "Neutrality and Neutralization in Southeast Asia", in *Politics, Society and Economy in the ASEAN States*, edited by Bernhard Dahm and Werner Draguhn (Wiesbaden: Harrassowitz, 1975), p. 58.
20. Robyn Lim, "East-West and North-South", in *Understanding ASEAN*, edited by Alison Broinowski (London/Basingstoke: MacMillan, 1982), p. 250.
21. Werner Pfennig, "Development Through Regional Cooperation? The Example of the Association of Southeast Asian Nations (ASEAN)", *Vierteljahresberichte*, no. 73 (1978), p. 220.
22. Julius Caesar Parrenas, *ASEAN in Kraeftefeld der Grossmaechte: Grossmachtpolitik und regionale Zusammenarbeit in Suedostasien seit 1975* (Bern/Frankfurt: Peter Lang, 1989), p. 105. See also M. Rajendran, *ASEAN's Foreign Relations: The Shift to Collective Action* (Kuala Lumpur: Arenabuku, 1985), pp. 17–19.

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23. Muthiah Alagappa, "Malaysia: From the Commonwealth Umbrella to Self Reliance", in Chin Kin Wah, ed., op. cit., p. 183.
24. Former Malaysian Deputy Home Affairs Minister Abdulrahim bin Thamby Chik noted in 1982 that the situation in Southeast Asia actually called for an ASEAN security organization. This, however, would mean the death of the ZOPFAN concept. See Abdulrahim bin Thamby Chik, "International Security in Southeast Asia in the 1980s", in *Economic, Political and Security Issues in Southeast Asia in the 1980s*, edited by Robert Scalapino, Seizaburo Sato and Jusuf Wanandi (Berkeley: Institute of East Asian Studies, 1982), p. 12.
25. J.N. Mak, *Directions for Greater Defence Co-operation*, ISIS ASEAN Series (Kuala Lumpur: Institute of Strategic and International Studies, 1986), p. 5.
26. Sheldon Simon, *The ASEAN States and Regional Security* (Stanford: Hoover Institution Press, 1982), p. 43. See also Mak, op. cit., p. 4.
27. Simon, op. cit., pp. 92–93. See also Kai Schellhorn, "Frieden und Freiheit durch Sicherheit: Die sicherheitspolitische Kooperation der ASEAN-Staaten", *Die Politische Meinung* 31, no. 255 (March/April 1986): 64.
28. U.S. Ambassador Bosworth (Ambassador to the Philippines during 1984–87) predicted the decline in U.S. power in Asia as Japan grows: "The premises upon which the US has based its foreign policy in Asia for more than 40 years are changing. Foremost among these changes is the dramatic shift in global economic power. The rise of the Asian economies has brought a relative decline in the economic weight of the US. At the same time, US economic leverage is waning. While America remains the first or second most important trading partner for almost every Asian country, Japan is rapidly becoming the economic superpower in Asia". Stephen Bosworth, "US is Asia's Security Blanket", *Asian Wall Street Journal*, 25 September 1989, p. 10.
29. Soviet Pacific Fleet strength reached its peak in 1985 and has since declined slightly. Most reports now agree that the out-of-area operations by the Soviet Navy in the Pacific are down by 30 per cent since then. See Gerald Segal, "Informal Arms Control: The Asian Road to Conventional Reductions", *Arms Control Today* (May 1989), p. 18.
30. Henry Trofimenko, Head of the Foreign Policy Department at the Institute of U.S. and Canadian Studies, Academy of Sciences in Moscow, describes a scenario of an Asian-Pacific region with the main military knot composed of the USSR, the PRC and the United States and the main economic knot composed of the United States and Japan, into which some NIEs (South Korea, Hong Kong, Taiwan and Singapore) will be trying to enter. So far, the arena of this competition is mainly the U.S. home market, but it is inevitable that it will be more and more acutely felt in the Pacific region at large. See Henry Trofimenko, "Long-term Trends in the Asia-Pacific Region. A Soviet Evaluation", in *Asian Survey* 29, no. 3 (March 1989): p. 240.
31. Ronald Cima, "Vietnam's Economic Reform: Approaching the 1990s", *Asian Survey* 29, no. 8 (August 1989): 787–99.
32. The shift in U.S. foreign policy emphasis from Cold War to other issues was evident in George Bush's first address as U.S. President to the U.S. General Assembly, where he spoke very little about the Cold War issues of nuclear weapons and U.S.-Soviet conflicts in the Third World. Instead, he concentrated on global economic growth, the world environmental crisis, the menace of illegal drugs, and the threat of international terrorism. See Don Oberdorfer, "Bush at US: Speech Avoids the Cold War Warrior Approach", *International Herald Tribune*, 27 September 1989, p. 2.
33. The U.S. Defence Science Board in a report entitled "Defense Industrial Cooperation with Pacific Rim Nations", gives three scenarios on the U.S. role in the Pacific. The

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Board looked at three scenarios that it called, "Status Quo Prevails", "Economics Takes Command", and "Preferred". Under the "Status Quo", U.S.-Pacific Rim relations remain as they are, largely bilateral and hinging on the U.S.-Japan relationship. Under "Economics Takes Command", U.S. foreign policy and security policy become entirely driven by economics. There is less forward deployment or military intervention by the United States and there is intense U.S.-Asian industrial-technological competition. In the "Preferred" scenario, the United States remains at the centre of the Western security system and Asian nations are strong and independent, but friendly to the United States. In this scenario, there will be economic competition but with open markets and a minimum of hostility. See David Silverberg, "Report: US Must Revive Technological, Industrial Base to Compete", *Defense News*, 13 November 1989, p. 19.

34. While the United States, Western Europe and Japan have been increasingly becoming interdependent with regard to military technology, the United States has been looking at the economic and technological threat from its Allies in this area. In a significant departure from the former years, the 1989 edition of the Pentagon's publication, *Soviet Military Power* devotes as much attention to the challenges posed by Japan and Europe to the United States as to the Soviet challenges; see George Leopold, "Report on Soviets Look at Challenges From Allies, Too", *Defense News*, 2 October 1989, p. 16.
35. A mid-July, 1989 *Business Week*/Harris Poll survey showed that almost 70 per cent of the American adults surveyed termed the trade deficit with Japan a "very serious" problem. By a stunning 3–1 margin, the respondents named Japan's economic challenge as a greater threat to America's future than the Soviet military. And 68 per cent, compared with 54 per cent in a 1985 poll, said Japan was imposing an unfair import barrier. See "Rethinking Japan", *Business Week*, 7 August 1989, p. 15.
36. Jose Noel M. Mendoza and Ma. May Olalia, *Tapping Private Initiative for Infrastructure Development*, CRC Staff Memo No. 24, 1989 (Manila: Center for Research and Communication, 1989), p. 3.
37. Susumu Awanohara, "Japan and East Asia: Towards a New Division of Labour", *Pacific Review* 2, no. 3 (1989): 203–4.
38. Sukhumbhand Paribatra, op. cit., pp. 99–103; Dorodjatun Kuntjoro-Jakti and T.A.M. Simatupang, op. cit., pp. 121–31; Felipe Miranda and Ruben Ciron, op. cit., pp. 147–51; Muthiah Alagappa, op cit., pp. 168–75; and Chin Kin Wah, op. cit., pp. 207–12.
39. John Wong, op. cit., pp. 43ff.
40. Beijing's build-up of its navy and naval-air arm has been linked to its claims to the South China Sea. Beijing has been showing a growing interest in naval aviation. China has bought the retired Australian aircraft carrier *Melbourne*, wth the stated purpose of scrapping it. However, the Chinese are surmised to be interested in dissecting the carrier to draw plans for building one of their own. See William Matthews, "For US, Soviet Union, Pacific Ocean Transcends Military Importance", *Defense News*, 16 October 1989, p. 69.
41. Michael Yahuda, *The China Threat*, ISIS Seminar Paper (Kuala Lumpur: Institute of Strategic and International Studies, 1986), pp. 14–15.
42. John Moore, "China Seas", *Defense and Foreign Affairs* 17, no. 11 (November 1989): 16–17.
43. Japan is a potential military power owing to advances in its civilian industry, which could be harnessed for military application. The probability of a qualitative jump in Japanese military might, which would drastically change the politico-military environment in the region cannot be discounted. See Henry Trofimenko, op. cit., p. 247. However, such a development would not be feasible within the next few years, as Japan still lags far behind the United States in defence technical research and is still totally dependent on the United States for military equipment, while Japan was spending

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2.35 per cent of its defence budget on research and development in 1989, up from 1.5 per cent in 1984; this is still far below the Pentagon's US$41 billion. Of the military equipment Japan procures from foreign sources, nearly 100 per cent come from the United States. Japan buys about US$1 billion worth of hardware from the United States annually. "Tokyo wants its arsenal made in Japan", *Business Week*, 25 September 1989, p. 26.

44. The upgrading of Japan's Self-Defense Forces during the last few years, according to the Mid-Term Defense Program, has been and will continue to be concentrated on air defence and anti-submarine forces. See *Defense of Japan 1988* (Tokyo: Japan Defense Agency, 1988), pp. 150–63.
45. Mak gives a description of the ASEAN countries' defence co-operation in the fields of joint exercises, training, C³I, joint surveillance and patrols, joint facilities, rationalization of equipment and logistics, arms and equipment production and commanders' conferences; see J.N. Mak, op. cit., pp. 10–22. According to Asian officials, defence co-operation arrangements between non-communist countries in Southeast Asia are being strengthened in order to reduce the U.S burden and discourage powers outside the region from filling any gaps caused by a diminished American presence. This strengthening includes more and larger bilateral military exercises, intelligence exchanges, and acquisition of advanced weapons and technology from the United States and other Western suppliers". Michael Richardson, "US is Relocating Forces as End of Manila Pack Nears", *International Herald Tribune*, 19 September 1989, p. 7.
46. Francoise Cayrac-Blanchard, "L'ASEAN et la crise indochinoise: de la diversité dans l'unité", *Revue francaise de science politique* 32, no. 3 (June 1982): 383.
47. Sukhumbhand Paribatra, *Kampuchea Without Delusion*, ISIS ASEAN Series (Kuala Lumpur: Institute of Strategic and International Studies, 1986), pp. 3–5.
48. See Tim Huxley, "The ASEAN States' Defence Policies, 1975–81: Military Responses to Indochina?" The Strategic and Defence Studies Centre Working Paper, No. 88 (Canberra: The Strategic and Defence Studies Centre, 1984), pp. 24ff.
49. Donald Crone, *The ASEAN States: Coping With Dependence* (New York: Praeger, 1983), pp. 4–5.
50. Japan still needs to rely on American and European protection of its vital oil lifeline from the Gulf, while the Chinese military operations in the South China Sea in March of the same year suggest additional rationales for increased Japanese defence spending. Gerard Segal, "Informal Arms Control: The Asian Road to Conventional Reductions", in *Arms Control Today* (May 1989), p. 18.
51. This would also be influenced by the emergence of China as a more dominant force in the region if the U.S. facilities are relocated from the Philippines to the Pacific Islands. See Muthiah Alagappa, *US-ASEAN Security Cooperation: Limits and Possibilities*, ISIS Research Note (Kuala Lumpur: Institute of Strategic and International Studies, 1986), p. 24. Japan is wary of Beijing's newly improved longer-range navy, which could cut Japanese oil supplies and trade that pass through the Spratly area. See Gerald Segal, op. cit., p. 19.
52. Keith Richburg, "Cambodian Pullout: The Implications", *International Herald Tribune*, 19 September 1989, p. 6.

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Indonesia's Relations with China and Japan: Images, Perception and Realities

DEWI FORTUNA ANWAR

This article focuses on Indonesian perceptions of its relations with China and Japan and describes the development of Indonesian foreign policy from the time of its independence, during the Guided Democracy period under Soekarno, to the New Order government under Soeharto. It attempts to define Jakarta's conception of national and regional resilience as the foundation of Indonesian foreign policy in order to enhance regional order on the basis of political stability and economic development. The study of the conduct of Indonesia's foreign relations with the two countries is juxtaposed with Jakarta's pursuit of a non-aligned and independent external policy. In particular, it provides insights into the development of Sino-Indonesian relations prior to the recent normalization of ties between the two countries.

This article will trace the evolution of Indonesia's relations with two major Asian powers, China and Japan. Although attention will focus mainly on the situation during the past two decades, one also needs to look at Indonesia's relations with these two countries in the immediate post-independence period.

The first part of the article looks at the development of Indonesian foreign policy during the first two decades of its independence from 1945 to 1965, culminating in the Soekarno-dominated Guided Democracy period (1959–65). It will be seen that during this period Indonesia's foreign policy was mostly devoted to completing the country's independence from colonialism in all its manifestations. Indonesia's relations with external powers, including those with China and Japan, were determined by the

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extent of support these countries gave to Indonesia in its anti-colonial crusade. In the event, Indonesia developed especially close relations with China and became estranged from the major Western countries while its relations with Japan remained relatively unimpaired.

In the second part, the article will examine the structure of the New Order government under President Soeharto which replaced the Soekarno regime after the 1965 abortive coup in which the Indonesian Communist Party (PKI), allegedly with China's backing, was mainly held responsible. It will be seen that under the New Order external relations were initially aimed at facilitating the government's stability and development-oriented domestic policy. Thus, Indonesia developed closer relations with major Western economic powers and Japan while relations with the communist countries cooled, and in the case of China were frozen.

The third part discusses Indonesia's perception of regional order, emphasizing its concepts of national and regional resilience. It will be seen that to Indonesia the responsibility for regional order and stability mainly lies with the regional members themselves, and that the main threat to national security comes from within. This basic political outlook determines Indonesia's attitude towards the presence and role of extra-regional powers, including Japan and China. On the whole, Indonesia's power-holders perceive that Japan can contribute to the development of Indonesia's national resilience through economic assistance. Until recently, however, relations with China were seen to be fraught with danger so that the Soeharto government had adopted a cautious, if not hostile, stance towards that country. This section will also look at the differences in perceptions between the various Indonesian political élite groups concerning the roles of China and Japan in Indonesia and the region.

In the concluding part, the article will look at the recent development in Indonesia's relations with China and Japan and its possible implications for the future. It will be seen that in many important cases, such as in the resumption of diplomatic relations with China, the moves have not been accompanied by fundamental changes in the élite's basic external attitudes. Instead, policy changes mostly reflected internal reassessments of the government's weaknesses and strengths.

Towards an Independent Oriented Foreign Policy, 1945–65

Indonesia declared its independence on 17 August 1945 after the defeat of the Japanese in the Pacific war. From that moment until the transfer of sovereignty from the Dutch after the Round Table Conference in December 1949, the Republic of Indonesia was engaged in a revolutionary struggle for independence against the returning Dutch colonial power.

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This four-year period laid the ground for Indonesia's foreign policy in the following years.

The top leadership of the Indonesian republic was predominantly non-communist, but the communists were also very important. The former had pinned their hopes on the United States for support against the Dutch to reach a negotiated settlement. The United States, however, did not give all-out support to the republic for fear of offending its Dutch ally. Nevertheless, despite their disappointment with the United States, the republican leaders refused to give in to the local communist pressure to side firmly with the Moscow-led global anti-imperialist struggle. Instead, in September 1948 Vice-President Hatta proposed that Indonesia adopt "an independent active" (*bebas aktif*) foreign policy doctrine, charting an independent course between the two opposing power blocs, and always keeping Indonesia's national interests in mind.[1]

Indonesia's revolutionary experience in fighting against a determined colonial power, an experience it shared with Vietnam, led the country to follow a different foreign policy path from many of its non-communist neighbours. The defeat of the pro-Moscow communist rebellion in September 1948 had strengthened the position of the non-communist leadership under Soekarno and Hatta. Evidence of the communists' treachery at a time when the country was still fighting against the Dutch had hardened the attitude of most of the nationalist leaders (particularly within the army) against the PKI. At the same time, the equivocal support given by the United States for the nationalist cause led to disenchantment with Washington's policy. It was not lost on the Indonesian leadership that the United States only threw its weight behind the republic after Washington was convinced of the former's anti-communist credentials. Thus, from the early period of its independence Indonesia refused to be drawn into bloc politics which had engulfed many of the countries in Southeast Asia but, instead, tried to cultivate relations with countries from both the Eastern and the Western blocs. Indonesia also saw itself as a spokesman for the non-committed and newly independent countries in Asia and Africa.

Successive failures of diplomatic moves to wrest West Irian from Dutch control, however, led to the increasing radicalization of Indonesian politics both at home and abroad. The struggle to liberate West Irian dominated Indonesian politics from the mid-1950s till 1962 when an agreement was finally reached for the return of the territory to Indonesia. Economic issues were pushed aside while pro-Western and development-minded leaders were discredited. The cleavage in the national leadership between those whom Feith called the "administrators", as typified by Vice-President Hatta, and the "solidarity makers", as exemplified by Soekarno, which had existed from the time of independence was exacerbated by the West Irian

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dispute. The conflict came to a head with the resignation of Hatta and the outbreak of the regional rebellion in 1958, in which regional military commanders and anti-communist politicians from Jakarta joined forces against the increasing dominance of Soekarno and the Java-based political forces, particularly the PKI.[2]

The rebellion was easily put down by the Central Army Command which, though sympathetic to some of the rebels' demands, could not condone the violent challenge to national unity that they posed. Political parties involved in the rebellion were disbanded and some of their leaders arrested while others fled abroad. This removed at one stroke those leaders who had been opposed to violent measures in resolving the West Irian dispute as proposed by Soekarno and the more radical political parties, such as the Nationalist Party (PNI) and the PKI. President Soekarno and the army emerged as the two most important political forces, with the PKI as the third element in the new Guided Democracy system introduced by the President in July 1959.

During the turbulent years of Guided Democracy relations between Jakarta and Tokyo remained relatively close, despite the fact that the two countries' external orientations were diametrically opposed. Indonesia's relations with Japan after the 1951 San Francisco Treaty were dominated by negotiations for war reparation. The issue was only settled in January 1958 and this led to the establishment of formal diplomatic relations in April the same year. The reparation funds agreed upon amounted to US$228 million to be paid over a period of twelve years, beginning in 1958. The first six years of payment were dominated by keen competition among Japanese and Indonesians who wished to have a share of the funds.

Although some in Japan had shown sympathy for the regional rebels, the Japanese Government believed that only Soekarno could maintain stability in Indonesia and thus supported him to the end. After the economic flow from the West to Indonesia ceased, Japan continued to disburse the reparation funds, arguing that this would lessen Indonesia's dependence on China.[3] Soekarno also maintained close personal ties with Japan. He visited Tokyo on numerous occasions and even married a Japanese woman.

The close political relations between Indonesia and China, on the other hand, hid and to a great extent exacerbated several major socio-economic domestic tensions. Heightening conflicts between a more self-confident and aggressive PKI and the anti-communist forces led by the army directly implicated both China and the overseas Chinese in Indonesia. The PKI received moral and material support from Beijing and from important local Chinese groups. In turn, the PKI acted as a champion for the overseas Chinese against persecutions from local officials, thus identifying the

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two groups together. Anti-Chinese sentiments remained high among the majority of the indigenous population which for a while strained formal relations between Beijing and Jakarta.

The fall of Soekarno and the establishment of the army-dominated New Order ended the Jakarta–Beijing axis. The abortive coup of 30 September 1965, in which seven top-ranking army generals were murdered, was blamed on the PKI and the PRC. The PKI, allegedly supported by Beijing, was accused of trying to neutralize the army and seize power in the event of Soekarno's demise. In the army-led counter move, the PKI was disbanded while its followers were either killed or arrested. President Soekarno, who had refused to denounce the PKI, was forced to give up his power to General Soeharto, and finally in October 1967 Indonesia froze its diplomatic relations with China.

The Birth of the New Order: Towards a Policy of Stability and Development

The birth of the New Order signalled a reorientation in Indonesia's internal and external priorities. To the leaders of the New Order, the primary function of the government was two-pronged, namely, to ensure political stability and to carry out economic development. Political stability and economic development were seen as interdependent and mutually reinforcing. Economic development would remove a major source of political discontent, while without political stability it would be difficult to concentrate on economic activities.

The Soeharto government's preoccupation with political stability and internal security mostly reflected the predominant role of the army in the government. From the revolutionary struggle for independence, the army had been at the forefront in putting down various challenges to the national unity and integrity of the Pancasila state. Challenges had come from the extreme left group wanting to set up a communist state and from the extreme right who wanted to establish an Islamic state, as well as from various regional rebellions and secessionist movements. The army leadership had, thus, developed an anti-communist and anti-extremist Islamic outlook from the early days of the republic. One of the major sins of Soekarno in the eyes of the army leaders was allowing the resurgence of the PKI, which was aided by the frenetic politicization carried out during the Guided Democracy period.

De-politicization, strict control of socio-political life, and the harsh treatment of dissenters were some of the means to ensure political stability. Economic growth was another essential ingredient, for, not only would

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it remove an important ground for discontent and radical activities, but equally importantly, it would make the tightening of political control more palatable to the public as a whole.

Indonesia's foreign policy in the years following the establishment of the New Order mostly reflected these central concerns for political stability and economic development. External relations were essentially cultivated to attract foreign aid and investment and to enhance the security of the country. By the same token, relations with countries that had little to offer Indonesia in terms of capital and technology, or that had the potential of exacerbating domestic instability, were minimized, and in some instances avoided. Thus, Indonesia developed close relations with major Western industrialized countries and with pro-Western neighbouring states which it had earlier shunned. On the other hand, relations with communist countries, while not completely broken so as not to violate the independent and active foreign policy principle, cooled considerably.

Indonesia's relations with Japan and China clearly portrayed the New Order's preoccupation with economic development and political stability. In fact, Japan and China to a great extent presented the prototypes of countries that Indonesia wished to cultivate close relations with and avoid respectively. Japan was in a position to help Indonesia out of its economic predicament through various means, such as by continuing to pay the war reparation funds, through foreign aid and investment, and through its purchase of Indonesia's exports. Moreover, despite its dominant economic position Japan had not played a major political role in the region since the end of World War II and had not interfered in Indonesia's domestic affairs. Thus, despite Japan's earlier support for Soekarno, one of the first acts of the New Order leaders was to try to win Tokyo's backing for the new government.

In contrast, not only did China have little to offer to Indonesia's development efforts but, more importantly, relations with Beijing were regarded by the New Order leaders as socially and politically destabilizing to the country. As we have seen, the army had been worried about the increasing influence of China in Indonesia and its impact on the growth of the PKI. The New Order leaders were convinced of the complicity of the PRC in the abortive 1965 coup. Continuing relations with China was regarded as undesirable by the Soeharto government because of the fear that China would attempt to assist the remaining PKI members in anti-government activities. Equally importantly, Jakarta was afraid that Beijing would subvert the Indonesian overseas Chinese for its own political ends. Thus, with the establishment of the New Order in Indonesia, China changed from being the number-one friend to become the number-one enemy in Jakarta's estimation. Relations between the two countries remained frozen

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for nearly twenty-two years before the Indonesian Government agreed to negotiate the resumption of diplomatic relations.

Perceptions of Regional Order and Their Influence on Indonesia's Attitudes towards China and Japan

From the early days of its independence Indonesia had adopted a free and active foreign policy doctrine. Despite several government and policy changes, Indonesia still formally adheres to this free and active foreign policy principle. This principle reflects the country's basic distrust of foreign powers and its determination to remain independent of foreign control and manipulation. Although the stability and development-oriented policies of the New Order government pushed Indonesia closer to the West and Japan, leading some critics to argue that the country had, in fact, entered the Western camp, the determination to rely on its national strength in political and security matters has not diminished. This can be seen from the formulation of the national resilience concept, long regarded by the government as the prerequisite for the development of regional resilience, particularly within the context of ASEAN.

Indonesia's policy towards China reflected the country's determination to chart its own course in foreign policy. Just as in the 1950s Jakarta had refused to follow Washington's call to contain China, so in the 1970s the New Order government also refused to follow America's lead in normalizing relations with Beijing. This was in direct contrast with three other ASEAN members, Thailand, Malaysia and the Philippines, and with Japan which established diplomatic relations with Beijing once the United States cleared the way. Indonesia's hostility towards and suspicion of China as a result of the "Gestapu" 1965 affair did not change with the softening of the United States' attitude towards that country.

Although Indonesia welcomed the overall lessening of major power tension, it reacted negatively to the "Nixon shock". The government resented the fact that the United States normalized its relations with China without prior consultation with other countries in the region, and without regard to their sensitivities. Indonesia was also concerned that the new American move would actually increase local conflicts as China no longer felt constrained by the United States in expanding its influence in Southeast Asia. This American action only strengthened Indonesia's determination to ensure its own national and regional security and to reduce the role of non-regional powers in the affairs of Southeast Asia. Support for the establishment of ZOPFAN (Zone of Peace, Freedom and Neutrality) in Southeast Asia, as announced by the ASEAN foreign

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ministers in Kuala Lumpur in 1971, thus became an important objective of Indonesian foreign policy.

The New Order's opposition to China had been seen by some observers as serving the same domestic political function as the earlier Confrontation against Malaysia. It has been alleged that "the Suharto government seeks national support and rationalises the weaknesses of the regime by arguing, just as Soekarno did, the exigencies of encirclement. Instead of NEKOLIM, the new devils are China and Communism, and they are similarly being used to justify the maintenance of inflated military budgets, which in 1965 may have reached as high as 70 per cent of the total budget."[4] Indeed, some believe that "Suharto's decision to stop confronting Malaysia and begin confronting the CPR has led him to search for new allies", thus implying that Indonesia's membership in ASEAN was primarily a strategy to counter China.[5]

Even though the New Order government froze relations with China and viewed it as the greatest potential external threat to Indonesia, Soeharto did not mobilize the population in a new confrontation against China in the same way that Soekarno had mobilized the people against Malaysia. Except in the first couple of years following the Gestapu affair, during which the army backed large-scale demonstrations against the PKI, China and the Indonesian overseas Chinese, the Soeharto government strongly opposed mass demonstrations and frenetic politicization. In fact, political life under the New Order has been characterized by depoliticization, in which popular participation is limited, while the government mobilized the population behind its development effort. Moreover, far from using the Chinese threat to keep defence spending high, the national resilience doctrine adopted by the New Order de-emphasized military strength and stressed economic development as a means to ensure political order and stability. Indonesia's current defence spending is about 3 per cent of its gross national product (GNP). The share of Defence and Security Expenditures in the State Budget went down from 28 per cent in 1969/70 to 9 per cent in 1985/86. Compared to the other ASEAN countries, Indonesia's military expenditure has increased at significantly slower rates than its GNP growth.[6]

Until very recently, however, Indonesia did carry out a kind of cold confrontation against China. This took the form of limiting direct contacts with Beijing and of trying to offset China's influence in regional affairs. At the national level, for nearly twenty-two years the Soeharto government refused to increase direct relations with China beyond diplomatic contacts at the United Nations in New York and Geneva. Trade between the two countries declined and was carried out through intermediaries, such as Hong Kong and Singapore. The Indonesian Chamber of Commerce (Kadin)

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started to explore the possibility of reopening direct trade with China from 1977. Kadin representatives visited the Canton Fair and Beijing in 1978, but the government remained unresponsive while Parliament strongly objected to the move.[7]

At the regional level, particularly in relation to the Kampuchea conflict, the Indonesian Government consistently opposed a hardline policy against Vietnam, earlier advocated by China, Thailand and Singapore. Indonesia considered Vietnam as a buffer against China's southward expansionism and, consequently, opposed the hardline policy of trying to "bleed Vietnam white". In Jakarta's view, particularly within military circles, a prolonged Kampuchean conflict would only benefit China in the long run, whose influence in Thailand and among the Khmer Rouge would continue to increase. Thus, from the very beginning the Indonesian Government favoured a political solution which would allow Vietnam to remain as a credible buffer against China. A speedy resolution was also considered necessary so as to end the policy conflict among the ASEAN countries which could endanger the unity of the association and be exploited by unfriendly powers. Although at the diplomatic level Indonesia felt proud of ASEAN's achievement in ensuring support for the Coalition Government of Democratic Kampuchea (CGDK), the military leaders did not cherish the idea that ASEAN and China stood on the same side over the issue. In fact, many in Indonesia felt that support for the CGDK, whose strongest element remains the Chinese-backed Khmer Rouge, would only benefit China and not the Khmer people as a whole.

The New Order's policy towards China was the result of both the leaders' perception of China and their sense of insecurity at home. Here we talk more of the military's perception, since in matters relating to security it is the military's views that prevail. After the United States and several neighbouring countries established relations with China, the Indonesian Ministry of Foreign Affairs, in fact, suggested that Indonesia should also resume its relations with Beijing. Indonesian diplomats believed that Indonesia could not afford to continue to antagonize China, an important regional if not global power, particularly when Indonesia itself needed to mobilize international support over its East Timor policy. The military, however, believed that direct relations with China carried too much domestic security risk and thus opposed any move to resume diplomatic relations with Beijing. In this case, it can be argued that the government's own sense of insecurity played a more important part in the decision to keep China at a distance than the former's perception of the latter's political and ideological aggressiveness. The government was not afraid of China as a hostile power per se, but rather of its own internal weaknesses which China might exploit, as it had been wont to do in the past.

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Two outstanding issues have stood in the way of improved relations between Indonesia and China in the past two decades. These are China's communist ideology and the presence of a large overseas Chinese minority in Indonesia. Although the New Order government banned the PKI and made communism illegal in Indonesia, Soeharto has not carried out an anti-communist foreign policy. Except with China, the Soeharto government has continued to have diplomatic relations with other communist countries, albeit only to preserve Indonesia's non-aligned credentials. China, however, had pledged to support national liberation movements in the neighbouring countries, and more importantly, governments in these countries including Indonesia were vulnerable to subversion. The presence of overseas Chinese, some of whom were still suspected of being loyal to their motherland and who could thus be manipulated by Beijing, only exacerbated the problem.

Lt. General Ali Moertopo, a close associate of Soeharto and Adam Malik, the New Order's First Foreign Minister, summed up the situation well when the issue of Indonesia's normalization of relations with China was brought up in the wake of Nixon's visit to Beijing. Ali Moertopo compared the threat from Japan stemming from its economic aggressiveness and that from China which stemmed from its ideological aggressiveness. He argued that "for a country like Indonesia, the economic aggressiveness of Japan should and could be channelled into a national policy for development. The case will be quite different with an aggressive ideology, for Indonesia is not only unable to absorb it, but she is not in need of a new ideology since she has already her own identity".[8] Ali Moertopo also mentioned the problem of the Indonesian overseas Chinese which had to be settled first. Similarly, Adam Malik declared in late 1973 that Indonesia had no plan to increase contacts with China though it had to adjust to the fact that Malaysia and Thailand would soon have diplomatic relations with Beijing. The then Foreign Minister stressed the need for Indonesia to settle its domestic problems relating to the overseas Chinese first before it could think about normalizing relations with China. Malik argued that re-educating the overseas Chinese was a slow process, pointing to the still large numbers of Chinese schools in the country. The Foreign Minister further stated that there was also a large number of overseas Chinese whose loyalty to Indonesia was still insufficient.[9]

The rise of reform-minded leaders in China with their modernization and open-door policy did not immediately lessen Indonesia's suspicion of that country. Although a few in Indonesia, particularly those in the private sector, saw economic benefits in having direct relations with China, many more saw a new challenge rising from that country. They saw China as a dangerous economic competitor since a great number

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of its exports are similar to those from Indonesia. Equally importantly, Indonesia was afraid that China's large domestic market would appear much more attractive to foreign investors than its own. This fear was particularly strong after Japan signed a Friendship and Peace Treaty with China in 1978. Indonesia was worried that Japan would turn its back on Southeast Asia while pouring its investment and economic aid to China. To Indonesia, which sells nearly half of its exports to Japan and to which Japan is the largest foreign investor outside the oil industry, such a prospect was clearly worrying. A decline in Japanese economic interest in Indonesia would clearly undermine the government's development effort and thus threaten the basis of the country's political stability.

More importantly, policy-makers in Indonesia saw a new political and security threat coming from a modernized and American-backed China. There was a fear of a possible "collusion" between the United States, Japan and China in the political and military fields, and the increasing military strength of China, fuelled by its modernization programme and American assistance. To the ruling group in Indonesia, an economically developed and militarily powerful China would turn the country from a potential into a real threat to its smaller neighbours in the south. Ali Moertopo again voiced Indonesia's concern in this matter. He argued that although China was important to the United States as a balance against the Soviet Union, Washington should not exaggerate the strategic importance of the relationship and that it must take into account the sensitivities of countries in the region. Moertopo bluntly stated that "the role of the People's Republic of China in the military field will always raise great concerns in South East Asia because of its history, its unstable domestic politics, its connection with subversion and infiltration of local communist parties, the presence of the overseas Chinese who are not yet fully assimilated and the fact that China in the last analysis is the one major power in the immediate neighbourhood of the South East Asian region".[10]

In contrast to its "confrontation" against China, Indonesia's relations with Japan became closer than they had ever been under Soekarno. In September 1966, Tokyo was the site for the first multilateral conference between an Indonesian delegation and representatives of seven non-communist creditor nations to discuss proposals for a moratorium on Indonesia's debt.[11] At the prompting of the United States, Japan finally also agreed to provide a third of the aid approved by the Inter-Governmental Group on Indonesia (IGGI), as the group of creditor nations came to be known, to match the American contribution. In subsequent years, Indonesia's economic ties with Japan became stronger. In 1971, Indonesia exported 45 per cent of its products to Japan while Indonesia's imports from Japan amounted to 33 per cent of its total imports. In 1985, Indonesia's imports

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from Japan declined to 26 per cent of its total imports, but its dependence on the Japanese market increased, with 46 per cent of its exports being absorbed by Japan.[12] From the early days of the New Order until the present Japan has thus remained as Indonesia's most important trading partner. By 1985, Japan had also emerged as the largest foreign investor in Indonesia, owning 35 per cent of the total US$15,352.8 billion in foreign investments from 1967 to 1985. This figure excluded investment in the oil sector, insurance and banking.[13]

Close economic ties with Japan do not mean that there are no problems in Indonesian–Japanese relations. The roots of the problems lie in Japan's past role as an aggressive military power and its current role as a dominant economic power on the one hand, and Indonesia's economic weakness and great dependence on Japan on the other hand. There is an underlying fear that economic development, seen as the prerequisite for the development of national resilience, would actually result in the loss of Indonesia's independence to the major donor countries, particularly to Japan. Thus, while wanting Japan to play a greater role in Indonesia's economy and the economy of the Southeast Asian countries as a whole, Indonesia has continually emphasized that such a Japanese role should be aimed at improving the ability of these countries to withstand internal and external challenges and to manage their own affairs. In short, Japan is expected to contribute to the development of Indonesia's national resilience as well as to the regional resilience as a whole.

In general, it can be said that Indonesia's attitude towards Japan is characterized by ambivalence. Admiration for Japan's economic success and desire to emulate its achievement are tempered by fear of Japan's regional ambition and dislike of Japanese exploitative economic practices. Fear of Japan's economic domination is equalled only by apprehensions that Japan may turn its back on the country and, while criticizing Japan for being too much of "an economic animal", Indonesia is apprehensive of the kind of non-economic role that Japan might adopt.

This ambivalence was clearly shown in the views expressed by Indonesian participants in the first Indonesian–Japanese conference held in Jakarta in December 1973, one month before the outbreak of the anti-Tanaka riots. While stressing the importance of close economic co-operation with Japan, Indonesian participants voiced dissatisfaction at the asymmetrical economic relations between the two countries. Mohammad Sadli, one of Indonesia's most senior technocrats and an architect of the New Order economic policy, pointed to the fact that while Japan was the number-one market for Indonesian exports and an important source of its imports, Indonesia was only a small trading partner for Japan. Thus, as Sadli said, while relations with Japan in the forms of increased trade, investment

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and aid helped to boost Indonesia's economic growth, many Indonesians worried about dependence and the cost of interdependence. He stressed that Indonesians "worry about size and power relationship, first of all in economic terms but also about the probability that economic power will spill over in the political and other spheres".[14]

Foreign Minister Adam Malik pointed to the manner in which Japan had conducted itself in Southeast Asia as a serious obstacle to the development of harmonious relations between these countries and Japan. According to the Foreign Minister, "Japan's trade and investment practices are often considered to be 'aggressive', 'self-centred', and aimed at securing the continued supply of its raw material needs rather than at developing long-term, mutually advantageous relationships". Malik argued that "on the question of Japanese aid to and trade with the countries of Southeast Asia, more important than quantity is the manner in which such aid and trade is being offered, the instrumentalities through which it is channelled, in short, the underlying philosophy of such aid and trade". He went on to say that the only sound basis for a viable and durable relationship was for Japan to identify "with an economically strong and politically stable Southeast Asia".[15]

An even more suspicious view of Japan's economic role was expressed by B.M. Diah, editor of the nationalist daily *Merdeka*. He argued that Japan's economic posture and its earlier military power had basically the same aims. In Diah's view, "the present gigantic economic posture of Japan is the new branch from an old tree. The economic expansion in Asia and the world is a rejuvenation of the fruits of the old policy". He went on to say that "the economic interest of Japan comes first to every Japanese who swarms abroad in Asia now. Japanese businessmen have taken over the role of the military in the past". In Diah's view, Japan had no consideration regarding the impact of "her economic expansion on the political, economic, financial and social condition of the areas 'conquered' by her businessmen".[16]

In contrast to these critical views of Japan, Ali Moertopo, as noted earlier, felt confident that Japanese economic aggressiveness could be utilized by Indonesia to further its development efforts. He did not voice any apprehension concerning the danger of Japanese economic domination or the revival of Japanese politico-military threat.[17] Referring to the American call for Japan to share some of its defence burden, which had led to apprehensions of Japan's military revival in many quarters in Southeast Asia, Moertopo argued that such a move should not necessarily introduce a military element in Japan's relations with Southeast Asia. He pointed out that security and stability in Southeast Asia were not purely a military affair and that Japan's new assigned role in the region could be defined by the parties concerned. For this, Moertopo argued that Japan should be

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willing to deal with ASEAN at the political level and recognize its importance as a partner in managing crises and conflicts in the region.[18] Soemitro also stressed Japan's political responsibility, which was at odds with the view of many other Indonesians who wanted Japan to confine itself to being an economic power. The then Deputy Commander of the Armed Forces wrote that "Japan in future can no longer confine itself to being an economic power, but must accept the fact that it is also a major power with political responsibility to preserve peace and stability." He went on to say that "Japan should not limit herself to major powers' interaction in order to design a strategy for peace, security and stability, especially covering the region of Asia and Southeast Asia."[19]

From the various views quoted above it is clear that there were internal differences in Indonesian perceptions of China and Japan. Whereas in the case of China the most hostile view had come from the military, in the case of Japan most of the apprehensions and suspicions were expressed by the civilians. Important military leaders, on the other hand, felt confident that Indonesia had really nothing to fear from Japan's economic aggressiveness or from an increase in Japan's non-economic role in the region. In fact, there was a view that Japan should play a more active role in maintaining order and stability in Southeast Asia without, of course, undermining the ultimate responsibility of the regional members themselves.

Indonesian–Japanese relations reached a watershed in 1974. On 15 January 1974 Jakarta was rocked by violent student-led anti-Japanese riots, occasioned by the arrival of the Japanese Prime Minister, Tanaka. During the demonstrations mobs shouted anti-government and anti-Japanese slogans, attacked Japanese firms and burned Japanese-made vehicles found on the streets. The demonstrators also attacked local Chinese capitalists who had co-operated closely with Japanese investors and demanded that the President's private assistants (*Aspri*), among whom Ali Moertopo was the most prominent member, be dismissed. The *Aspri* was a powerful non-constitutional body and many saw it as a pro-Japanese lobby which received large commissions for "selling the country to the Japanese".[20]

The Malari affair, as the anti-Tanaka riots were popularly known, was in fact more a protest against the government's economic policy than an anti-Japanese demonstration as such. Since the Malari affair there has been no open opposition to the Japanese economic presence, although, as will be seen below, private doubts concerning Japan's economic hegemony and its possible security role in the Asian–Pacific region still remain.

Trends and Prospects

In the 1980s Indonesia's foreign policy became more assertive and outward

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looking while its external relations were more diversified than they had been during the early years of the New Order. Indonesia's attitudes towards China and Japan in the past few years have reflected this new feeling of self-confidence. The country's response to perceived external challenges is less symptomatic of a siege mentality than in the past. The government no longer tries to wage an open confrontation against perceived enemies or insulate the country from possible harmful foreign elements. Instead, the nation is exhorted to come to terms with its internal weaknesses and strive to overcome them, rather than externalize its problems. This is not to say that Indonesia's political élite no longer perceives any external challenges to the country's security and development, though the level of threat is seen to have diminished considerably with the onset of *détente* between the great powers and the drive for *glasnost* and *perestroika* in the major communist countries. There is an increasing belief, however, that Indonesia is now becoming more capable of filtering negative elements and of maintaining its national resilience in the face of external challenges.

Jakarta's favourable response to China's move to resume diplomatic relations between the two countries made in February 1989 must be seen against this increasingly activist Indonesian foreign policy. Unfreezing Indonesia's relations with China is the one major foreign policy initiative that the Soeharto government has left undone for over two decades. In the past, the perceived political and security threats of having relations of China had always outweighed their advantages. By 1989, however, the Indonesian Government seemed to believe that China no longer posed an insurmountable threat, and that, on the contrary, Indonesia would gain both political and economic benefits from having diplomatic relations with Beijing. Many in the government and those outside it argue that Indonesia's normalization of relations with Beijing would improve economic co-operation between the two countries beyond that achieved by the unofficial 1985 direct trade agreement. Indonesia's policy-makers also realize that Indonesia cannot afford to ignore China indefinitely as the latter is a major political power in the Asian-Pacific region with potentials of becoming a world power. In fact, many argue that Indonesia's own political role in the region would be enhanced if there is direct communication between Jakarta and Beijing.

The move towards normalization between Indonesia and China began with the meetings between the Chinese Foreign Minister, Qian Qichen, and the Indonesian State Secretary, Moerdiono, in Tokyo on 24 February 1989 during the funeral of Japanese Emperor Hirohito. President Soeharto also agreed to receive the Chinese Foreign Minister, thus giving his seal of approval to the Chinese initiated *rapprochement* between the two countries. With the backing of Soeharto, who was once seen as the most important

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opponent of normalization, foreign ministry officials are now able to proceed with the formal negotiations for exchanging diplomatic missions with Beijing. The Commander of the Armed Forces, General Try Sutrisno, has also pledged the military's support for the government's China policy, saying that Indonesia cannot live in isolation.[21]

The Indonesian Government is satisfied with China's assurances that the latter will not aid subversive activities or interfere in Indonesia's internal affairs, conditions which had stood in the way of normalization before. Government leaders are also convinced that China is going to adhere to its economic development path and, thus, follow a non-confrontative external policy. Once the decision to resume diplomatic relations was made, the Soeharto government allowed no obstacles to stand in the way. Indonesia did not condemn the Tiananmen incident, when pro-democracy demonstrators were killed by Chinese troops in early June 1989, for the government argued that it was purely an internal Chinese affair. The government also refuses to consider arguments put forward by sceptics that Indonesia should review its normalization plan in view of the new political uncertainty in China and the prospect of its becoming more radical in the future.

The government's normalization initiative has also received enthusiastic responses from various sectors in the community. This can be seen from the wide coverage of the event in the national newspapers, either in the form of editorials, comments or feature articles by contributors. Referring to the Tiananmen incident, the *Jakarta Post* wrote in an editorial that "precisely because serious upheavals are taking place inside China, the outcome of which will determine its posture in the Asian-Pacific region, it is in Indonesia's long-term interests to establish a diplomatic presence in Beijing".[22] The nationalist daily, *Merdeka*, supports the government's move, arguing that it is naive for Indonesia to ignore the existence of one billion people.[23] A few also believe that Indonesia's relations with Beijing can act as a counter-balance to the former's dependence on Japan.[24] One of the most enthusiastic supporters of the normalization move is (Ret) General Soemitro, who regards Jakarta's relations with Beijing as important in enhancing political and economic co-operation in the Asian-Pacific region. Soemitro dismisses the various criticisms voiced by sceptics, arguing that China is now committed to development and international peace and, thus, poses no threat to Indonesian security.[25]

In this pro-normalization atmosphere, those opposed to having closer ties with China have generally voiced their criticisms in moderate tones, since no one wants to be seen as opposing the President. Most of the articulated scepticisms have come from senior members of the defence and intelligence establishments and from the Muslim groups. After the Tiananmen

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incident the Governer of the National Defence Institute (Lemhanas), Major General Soebijakto, argued that Indonesia should reassess its decision to normalize relations with Beijing as conservative leaders seem to be reasserting their control over China. He denied, however, that he was against the government's move to establish diplomatic relations with Beijing.[26] Soebijakto remains generally suspicious of China, which he believes still sees Southeast Asia as its sphere of influence. In his view there is still a question mark about the way China tries to preserve its influence in the region. Soebijakto argues that since it is not a major economic power like Japan, nor can it resurrect the traditional patron-client relationships, China for the time being is using "the Cambodian issue to strengthen her political position before and after the termination of the political role of the Khmer Rouge". He believes that China will preserve its interest in Southeast Asia through political, military and subversive efforts.[27]

General Yoga Sugama, the newly-retired long-time chief of Bakin (National Intelligence Coordinating Body) painted three possible scenarios for China and their respective prospects for Indonesia at a recent seminar on "Indonesia-Chinese Relations: Their Prospects and Problems as seen from Political and Economic Perspectives", in Jakarta. The first scenario sees the returning to power of the conservative group of leaders. In this case, Yoga argued that China would face more political and economic problems and that it would be better if Indonesia does not have diplomatic relations with Beijing. The second possibility is for the progressive leaders to dominate Chinese politics. Yoga argued that in such a case relations with China will bring economic benefits to both countries, particularly when Indonesia is domestically stable. The final scenario sees the present status quo in Beijing continuing, where there is still a great deal of political uncertainty. The former chief of Bakin argued that in this case it would be better if Indonesia were to wait until the situation clears up before it normalizes its relations with China.[28] Interestingly, this oblique warning against the current move to normalize Indonesia's relations with China was not highlighted by the press. The largest national daily, *Kompas*, used as headline the comment made by the discussant of Yoga Sugama's paper, the prominent political scientist Juwono Sudarsono, that "[Indonesia] should no longer be too afraid of the Chinese 'spectre'".[29]

Though less vocal than in the past, the predominantly Muslim population is still sceptical about renewing Indonesia's relations with Beijing. To them, any discussion of China constantly focuses on China's communism, Beijing's role in supporting the PKI leading to the 1965 abortive communist coup, and the dominant economic position of a large number of overseas Chinese in Indonesia. Spokesmen for the Muslim groups have expressed fears that normalization of relations with Beijing would

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strengthen the position of Indonesian Chinese capitalists, who now own huge conglomerates in the country. This, they argued, would intensify local resentment against the overseas Chinese population and, thus, make assimilation between these peoples, as desired by the government, difficult. They, therefore, support Yoga Sugama's call for caution in the normalization move and his advice that Indonesia should delay the process until the situation in China becomes clearer.[30]

Nor has the Indonesian Government completely reversed its earlier negative image of China so that it is now prepared to embrace China without reserve. President Soeharto, in fact, stated soon after his historic meeting with the Chinese Foreign Minister that resumption of diplomatic relations should not reduce Indonesia's vigilance towards China.[31] The Commander of the Armed Forces was also quoted as saying that "efforts to normalise relations with Peking would not mean that Indonesia would lower its guard against the latent danger of a communist revival" and that "Jakarta still keeps a complete file on the activities of Chinese communists in Indonesia".[32]

In general, it can be seen that most of the people in favour of speedy normalization of relations with China still see that country as a potential threat to Indonesia, both politically and economically. Unlike in the past, however, the existence of these perceived threats and challenges are seen to add urgency to the need for Indonesia to have direct political relations with Beijing. Sayidiman Suryohadiproyo, a former governor of Lemhanas, wrote recently that China continues to harbour ambitions towards South-east Asia and that one should not trust China's good intentions too easily. He argued that China has a superiority complex and looks down on other nations, no matter who is in charge in Beijing. Sayidiman doubts that China's modernization programme will diminish its aggressive attitude towards the outside world and fears that the success of such a programme will enhance Chinese military capability.[33] Sayidiman, however, believes that by not having representations in Beijing Indonesia remains ignorant of developments in China while for its part China can obtain information on Indonesia through its many informal channels. Thus, Sayidiman sees normalization as one way of regularizing the existing informal and uncontrolled channels of communication between Indonesia and China.[34] Juwono Sudarsono, on the other hand, argued that China is posing new economic and technological challenges to Indonesia and normalization between the two countries may force the latter to face up to those challenges sooner.[35]

Many also believe that Indonesia's *rapprochement* with China will help in smoothing the way for an eventual settlement of the Cambodian conflict, as China is seen as the key external power which benefits from

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the perpetuation of this conflict. Jakarta, thus, needs China's support if the former's efforts to work towards a political settlement of the conflict were to bear any fruits. In this case, diplomatic relations with China is seen as essential by Jakarta to prevent further entrenchment of Chinese influence in the region through its support of the Khmer Rouge and its cultivation of Thailand. Thus, Indonesia's determination to resume diplomatic relations with China is laced with various reservations. One, therefore, should not expect that cordial relations will automatically develop between the two countries once the diplomatic hurdle is passed.

Close economic ties with Japan have not completely eradicated Indonesia's apprehension about possible Japanese hegemony in the region. In fact, the reverse has been the case although such an apprehension has not reached pre-1974 proportions. While many are concerned about the possible increase in the Japanese military role in the region, others stress that it is the Japanese economic sway that should be feared. At the same time, there are also concerns that Japan may pay less attention to ASEAN once it normalizes its relations with the Soviet Union. This fear, as we have seen earlier, was also expressed in the wake of Japan–China *rapprochement* in 1978.

General Benny Moerdani, former Commander of the Armed Forces and current Minister of Defence and Security, voiced his concerns at the recent Second Japan–ASEAN Conference. In his keynote speech, Moerdani first asked "whether a normalisation of relations between Japan and the USSR would divert the attention of Japan towards its gigantic neighbour at the cost of ASEAN and the rest of the developing countries in the Asia-Pacific region". The Minister then mentioned the possible Japanese military build-up and wondered whether there was a possibility of this being deployed to the South, a prospect not welcomed by countries in this area. Like many other Indonesian political observers, Moerdani did not deny that Japan had a right to safeguard its own territorial waters. But the prevailing view among Indonesia's political élite, which was also shared by Moerdani, was that Japan could ensure the security of its sea lanes without a direct military presence in the region. Instead, Japan could maintain the security of its supply lines "through cooperative arrangements with the rest of the region, including the countries of ASEAN individually, on a case by case basis".[36]

Others emphasized Japanese economic dominance which, in their view, is more real than the threat of a Japanese military revival. The dependence of Indonesia and other countries in the region on Japanese economic might has made them vulnerable to the latter's political and economic pressures. In such a case, maintaining the security of the strategic lanes of communication (SLOC) for these countries has become an

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obligation, and not a bargaining chip in dealing with Japan. Soebijakto, for instance, dismissed the fear expressed by many people in Southeast Asia that the United States' insistence that Japan should share some of its military burden may lead to Japan becoming a military power once again. In his view, Japan would not be able to control Southeast Asia physically or militarily again as this would automatically be opposed by the United States, the Soviet Union, and China. On the other hand, Soebijakto argued that Southeast Asian economic ties with Japan have become so strong "that all those states including Indonesia feel that securing the SLOC for Japan has become an obligation". He added that "it seems to us that South East Asia should be more worried about the nature of her economic relations with Japan lest this becomes a neo-colonial relationship. This will not be conducive to peace and stability in the Asia-Pacific region".[37]

On the whole, however, while recognizing the existence of such dangers, Indonesia's policy-makers and political élite are not unduly apprehensive about the possible negative impacts of the country's close ties with Japan, or about the possible revival of Japanese military might. Lt. Gen. Sayidiman Suryohadiprojo, a former Indonesian ambassador in Tokyo, admitted the fact that despite its limitation to 1 per cent of its GNP, Japan's military spending was in fact quite high because of the appreciation of the yen. Indonesia should, therefore, keep a close eye on Japan's future development and behaviour. Nevertheless, Sayidiman argued that Japan's dependence on imports would act as a brake to its political aggressiveness since gunboat diplomacy could no longer be used to assure the continuity of supplies as in the past. This fact, he argued, contrasted with China which was not too dependent on imports and was, therefore, less constrained to carry out an aggressive foreign policy. In Sayidiman's view, an increase in Japanese military power might, in fact, act as a deterrent to China's military ambition in the South.[38] For his part, Soemitro believed that Japan could never be a threat unless Indonesia and other countries in the region tried to prevent Japan from using the vital sea lanes. In such a case, it was to be expected that Japan would retaliate to secure its life lines. Otherwise, he argued, close co-operation with Japan could only be beneficial to all parties concerned, as Japan needs politically stable and economically prosperous Southeast Asian countries as credible trading partners in the face of increasing American and West European trade protectionism.[39] Nevertheless, while continuing to stress the importance of its economic ties with Japan, it can be expected that Indonesia will try to lessen its economic dependence on that country and to insist that Japan assists countries in Southeast Asia to become more self-reliant in the political and military fields.

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NOTES

1. For a more detailed discussion of this period of Indonesian foreign policy, see Ide Anak Agung Gde Agung, *Twenty Years Indonesian Foreign Policy 1945–1965* (Monton & Co, 1973); and George M. Kahin, *Nationalism and Revolution in Indonesia* (Ithaca: Cornell University Press, 1970). See also Mohammad Hatta, "An Independent Active Foreign Policy", in *Indonesian Political Thinking 1945–1965*, edited by H. Feith and L. Castles (Ithaca: Cornell University Press, 1970), pp. 449–53.
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4. Sheldon W. Simon, *The Broken Triangle: Peking, Jakarta and the PKI* (Baltimore: Johns Hopkins University Press, 1969), p. 178.
5. Ibid.
6. See Dorodjatun Kuntjoro-Jakti and T.A.M. Simatupang, "Indonesia: Defence Expenditures in the Period of the New Order, 1967–1985", in *Defence Spending in South East Asia*, edited by Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 1987).
7. See Hadi Soesastro, "Indonesia-China Trade Relations and the Role of Hong Kong", *Indonesian Quarterly* IX, no. 4 (October 1986): 522–43.
8. Ali Moertopo, "Indonesia in Regional and International Cooperation: Principles of Implementation and Construction", *The Indonesian Review of International Affairs* I, no. 3 & 4 (July 1972–1974): 6–15.
9. See Adam Malik's statement, as quoted in the Indonesian daily, *Sinar Harapan*, 31 December 1973.
10. Ali Moertopo, "ASEAN and the Great Powers". Paper presented at the 9th Japan-Indonesia Conference on Japan and Indonesia in a Changing Environment, Surabaya, 20–22 August 1981.
11. These creditor countries were the United States, Britain, France, West Germany, Italy, the Netherlands and Japan. The International Monetary Fund and Australia also sent delegations while Canada, New Zealand and Switzerland sent observers. See the *Bulletin of Indonesian Economic Studies*, no. 5 (October 1986), p. 1.
12. See various editions of *Indonesia's Statistical Year Book*, published by the Indonesian Bureau of Statistics (BPS).
13. Ibid.
14. Mohammad Sadli, "Japanese-Indonesian Relationship: Dependence and Interdependence", in *Japan-Indonesian Relations in the Seventies* (Jakarta: CSIS, 1973), pp. 57–64.
15. Adam Malik, "Political Normatives of Bilateral Relations", in ibid., pp. 111–20.
16. B.M. Diah, "Japan's Asian attitude and its impact on her foreign policy", ibid., pp. 149–59.
17. Ali Moertopo, "Indonesia in Regional and International Cooperation: Principles of Implementation and Construction".
18. Ali Moertopo, "Convergence and Divergence of Japan's and Indonesia's Interests and Responsibility in South East Asia", in *Japanese-Indonesian Relations in the Seventies* (Jakarta: CSIS, 1973).
19. Soemitro, "Regional Cooperation in the Context of Peace and Stability In Asia", in ibid., pp. 19–26.
20. The Malari affair and its aftermath were extensively covered by the national dailies.

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21. Quoted in *Jakarta Post*, 2 March 1989.
22. "Reactivating RI-China ties", *Jakarta Post*, 4 July 1989.
23. "Normalisasi RI-RRC", Tajuk Rencana, *Merdeka*, 28 June 1989.
24. Interview with Hilman Adil, LIPI, Jakarta, 18 September 1989.
25. Interview with the writer, Jakarta, 18 September 1989. See also Soemitro's article "Hubungan RI-RRC dilihat dari aspek Hankamnas", in *Suara Pembaruan*, 23 October 1989.
26. *Merdeka*, 27 June 1987.
27. Major General Soebijakto, "Indonesia's Perception of South East Asian Security Concern", Indonesian Executive Circle, Jakarta, July 1989.
28. See report in *Kompas*, "Tidak Perlu Lagi Terlalu takut pada 'Hantu' RRC", 16 October 1989.
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30. See "Normalisasi dan Pembauran Cina-Indonesia", in the Muslim magazine *Suara*, Edisi 07/ThII/Rabiulakhir 1410/November 1989, pp. 40–41.
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34. Interview with the writer, Jakarta, 12 September 1989.
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36. L.B. Moerdani, "ASEAN-Japan cooperation in a changed global environment", Keynote Address, Second Japan-ASEAN Conference, organized by CSIS (Jakarta) and JIIA (Tokyo), Bali, 20–21 March 1989.
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Thai Perceptions of China and Japan

SURACHAI SIRIKRAI

Foreign policy action results from the state's responses to the various factors and conditions beyond its territorial boundaries. Such responses are often based on the policy-maker's perceptions of changes in the international milieu. Thai policy towards its neighbouring states is viewed here as responses to the political, strategic and economic shifts in its salient environment. This article reflects on the evolution of Thai foreign policy. Specifically, the author looks at changing Thai perceptions and policy towards two major powers in Asia, China and Japan. The subject is discussed within the context of developments in Indochina, and the potential collaborative efforts of the three countries in addressing problems facing the peninsular states.

In 1975, the occurrence of several events in international as well as regional politics had a significant impact on Thai foreign policy. Thailand changed its traditional policy of close alliance with the United States to a more equidistant relationship with both superpowers, and by seeking friendly relations with communist China and the Indochinese states. The invasion of Kampuchea in 1978–79 by Vietnamese troops was also an important factor in forcing Thailand to get closer to the People's Republic of China in both political and military terms.

More currently, the drastic policy changes in the socialist world generated by Mikhail Gorbachev's "new thinking" in foreign policy, the U.S.–USSR *rapprochement*, the results of the Sino-Soviet summit, the aftermath of the Tienanmen incident, the withdrawal of Vietnamese troops from Kampuchea, and the establishment of an elected democratic civilian

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government led by Prime Minister Chatichai Choonhavan have all been significant factors in causing a reassessment of Thai foreign policy.

It is the contention of this article that the changing external environment and its implications for the Southeast Asian region as well as the perceptions of the Thai leaders of national security and economic development have become primary factors in dictating changes in the direction of Thai foreign policy.

Sino-Thai Relations: Turning a Former Enemy into a New Ally

Before 1975, Thai leaders perceived the People's Republic of China (PRC) as a major threat to Thailand's security. Their apprehension was generated by the situation in both the PRC and Thailand which involved such factors as the geopolitical element, nationalism, communism, the overseas Chinese question, the balance of forces within the region, and the Thai perception of their own domestic affairs and security.

Thailand has a long record of relations with China and also has a large number of overseas Chinese, totalling about 310,000, without including the many Thais of Chinese origin who have been successfully assimilated into the mainstream of Thai society. Both the overseas Chinese and the Thais of Chinese origin have dominant control of the Thai economy and play a constructive role in the economic development of Thailand. To that extent, the Thai authorities have always been concerned over the intervention of China in Thai domestic affairs via the overseas Chinese through culture, nationalism, and communism. Neither have they wished to see the overseas Chinese in Thailand being involved in the politics of mainland China.

Consequently, the Thai Government decided to continue to recognize the weak and reluctant Kuomintang (KMT) regime on the small island of Taiwan rather than the strong and aggressive Beijing regime on mainland China. The main reason for this was to sever the relationship between the communist government in Beijing and the overseas Chinese community in Thailand. The United States' predominant role in the global arena in general, and in the Asian-Pacific region in particular, after World War II, with its strong anti-communist policy, was immediately supported by Field Marshal Phibun as a means of countering the communist threat, obtaining economic aid and assistance, and most importantly, legitimizing his military junta regime.

On 29 May 1954, Thailand, viewing the Vietminh invasion of Laos and Cambodia as a threat to its security and to peace in the region, denounced both Vietnam and the PRC. Subsequently, Thailand joined

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SEATO (Southeast Asia Treaty Organization) because it feared North Vietnamese supremacy in Indochina and the Chinese community's subversive threat. Thailand's membership of SEATO also influenced its leaders' perception of threat as coming from both China and North Vietnam. SEATO was an institution created to cope with the communist threat, and all its military contingency planning was directed at deterring those two communist countries. The consequence of such arrangements has been to perpetuate this threat perception and make it more convincing. The close military alliance between Thailand and the United States, in turn, agitated the PRC and prompted the latter to regard Thailand as an unfriendly nation.

The PRC then retaliated against Thailand's strong anti-communist stance and close collaboration with the United States by supporting the armed struggle of the Communist Party of Thailand (CPT) in its attempt to overthrow the Thai Government. Such Chinese behaviour reaffirmed the Thai leaders' fear of the PRC and the communist threat. The Cultural Revolution in China, between 1965 and 1969, when the ultra-leftist leaders in Beijing supported "revolution" and "people's war" against American domination on the Asian mainland, had also reinforced the Thais' apprehension of the PRC. More importantly, the Red Guards' encouragement of activities among the overseas Chinese in Burma, Cambodia, Indonesia, Hong Kong, Macao and Singapore indicated that diplomatic ties with the PRC would lead to greater opportunities for Beijing to exert more influence on the overseas Chinese and enhance their loyalty and attachment to China. Distrust of the overseas Chinese as well as suspicion of China's intentions in supporting the CPT and its long-term goal in Southeast Asia were major obstacles to the improvement of relations between China and Thailand after the Vietnam War.

The American failures in the wars in Vietnam and Laos and the disengagement of the United States from mainland Southeast Asia were a shock to the Thai leaders that led to a major readjustment of Thai foreign policy towards the socialist states in the early 1970s. The then Thai Foreign Minister, Dr Thanat Khoman, decided to start contacts with Chinese diplomats about the possibility of establishing diplomatic relations immediately after the secret trips of Dr Henry Kissinger to Beijing in July 1971 were publicized. However, the process of negotiation dragged on for five years. Important talks were conducted in 1972 and 1973 at The Hague and at the United Nations. The major concerns of the Thais were over the issue of the Vietnam War, the remnants of the KMT armed forces in Thailand, the Chinese support for the CPT, and China's policy towards the overseas Chinese in Thailand. The Chinese, for their part, raised the issue of the "One China" policy and the American military bases in Thailand.

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In general, opinions about the recognition of the PRC were divided between the Ministry of Foreign Affairs on the one hand, and the Ministry of Defence and the National Security Council on the other. Officers in the Ministry of Foreign Affairs were favourable to the idea of establishing diplomatic relations with the PRC on the basis of the Sino–U.S. détente, the emerging role of China in regional politics, and possible political and economic benefits. Meanwhile, the military and security officers opposed the normalization of relations with the PRC, insisting on the continuity of the Chinese threat. They remained distrustful of Beijing and felt that a close Sino–Thai relationship would increase opportunities for greater Chinese support of the CPT and rekindle Chinese nationalism among the overseas Chinese in Thailand. They did not believe in the Chinese pledge of non-intervention in other countries and preferred a more explicit Chinese statement that they would cease to support the CPT. The Chinese political move to sell 50,000 tons of diesel oil to Thailand to ease the oil shortage at friendship prices in 1974 did, however, boost China's image.

A significant change in Thai domestic politics occurred in 1973. The student uprising in October of that year led to a substantial reduction of the military's influence in the formation of Thai foreign policy and a demand for a neutral foreign policy, including the establishment of relations with China.

A most decisive factor in prompting the then Prime Minister Kukrit Pramoj to recognize the PRC was the fall of all the Indochinese states into communist hands in April and May 1975. The fall of South Vietnam and Laos had reconfirmed Thailand's doubt over the American security commitment to its allies. The communist victories in all three Indochinese states turned Thailand into the "frontline" state facing the communist threat along its 2,500-kilometre eastern frontier. Thailand no longer had Laos and Cambodia as buffers against its traditional rival, Vietnam. Waves of hundreds of thousands of Indochinese refugees crossed the border into Thailand and created social, economic, and security problems. There were also 40,000 Vietnamese troops in Laos. The unified Vietnam, under an aggressive communist leadership in Hanoi and its domination over Laos and possibly Cambodia, represented an immediate threat to the national security of Thailand. Therefore, Prime Minister Kukrit signed a joint statement to "resume" Sino-Thai friendship on 1 July 1975. Undoubtedly, Kukrit conceived the value of Sino–Thai relations in terms of the balance of power equation. The emerging power of China could offset Vietnamese influence. Kukrit was more concerned with enlisting the Chinese to restrain Vietnamese ambitions in Indochina and was willing to drop all previous conditions. The Chinese also needed Thai friendship to fend off Soviet expansion into Southeast Asia, China's backyard.

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The Thai National Security Council (NSC), too, succumbed to the changing external environment and was willing to allow the PRC to prove its friendly policy. Siddhi Savetsila, the then secretary of the NSC, stated in 1975, in Shanghai, that "the Thai people should no longer uphold their suspicions of the PRC because the PRC had already given a clear pledge of non-intervention into the internal affairs of Thailand". Thailand's recognition of the PRC also represented progressiveness and the independence of Thai foreign policy in line with the mainstream of international relations, as one hundred countries already had relations with Beijing. Kukrit also ordered the closing of all American military bases in Thailand and dissolved SEATO in order to accommodate Vietnamese demands and to create a greater balance in Thailand's relations with the big powers. The United States could no longer be a guarantor of peace in Southeast Asia nor was it capable of preventing the spread of communism. Thailand, then, had to rely more upon itself and on regional co-operation by following a policy of "peaceful co-existence". The Thai leaders also hoped that the three Indochinese states would devote their energies to rebuilding their shattered economies, at least for the time being, rather than provoking new conflicts, particularly with Thailand. The new theme of Thai foreign policy towards the superpowers was one of equidistance.

However, the prospect of peace and stability through a new realignment, and the implementation of peaceful co-existence among countries in Southeast Asia, as hoped for by the Thai leaders, was short-lived. The Sino-Soviet, Sino-Vietnamese, and Vietnamese-Cambodian conflicts overwhelmed efforts at peace. At the end of 1978, Vietnamese troops supported by the Soviet Union invaded Kampuchea to overthrow the Chinese-supported Pol Pot regime, thus demonstrating the flaw in the existing power structure and the preponderance of the Soviet–Vietnamese alliance. Vietnam's occupation of Kampuchea finalized its long-standing aim of establishing an Indochinese Federation. The invasion took place shortly after Vietnamese Premier Pham Van Dong's "peace tour" of the states of the Association of Southeast Asian Nations (ASEAN) in September–October 1978, indicating Vietnam's premeditation and deception in the invasion. The subsequent numerous intrusions into Thai territory, particularly at Ban Non Markmun and Chong Bok, despite the Vietnamese leaders' frequent promises of the non-violation of Thai sovereignty reaffirmed Thai perceptions of the Vietnamese threat and the extent of Hanoi's insincerity. The danger to Thailand's eastern frontier was aggravated by sporadic fighting and a major war between Thailand and Laos at Ban Rom Khao over a border dispute in 1987–88. The inability of the Thai armed forces to expel Laotian intruders from Thai territory was a major psychological defeat for the Thai military. The border wars at

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Chong Bok and Ban Rom Khao revealed flaws and weaknesses in the Thai defence mechanism. The Thai armed forces lacked both the quantity and quality of weapons to fight a conventional war. They had been equipped and trained mainly to engage in guerrilla warfare against the CPT and in the business of border surveillance. Faced with such formidable challenges, including budget constraints, the high cost of modern Western armaments, an American military aid cut and, especially, the unreliability of the American security commitment to Thailand, the Thai Government had therefore to turn to China.

Sino-Thai *de facto* Alliance

The Thai perception of China had changed rapidly from foe to friend as a result of the Kampuchean conflict. It has been contended that the Vietnamese invasion of Kampuchea had not only shattered the prospect of achieving some sort of *modus vivendi* but also presented a "clear and present danger" to Thailand at the very time when it was no longer assured of direct military assistance from the United States. Such a perception of threat led the Thai leaders to take a firm stand against Vietnam's occupation of Kampuchea. Among the available means of resistance were the remnants of the Khmer Rouge on the one hand, and China on the other. Others also rightly pointed out that the Thai leaders had turned to the balance of power mechanism which constituted "the quintessence of the Thai approach to international politics". When there is more than one major power contesting in the region, the Thai leaders have, on occasion, adopted a balance of power mechanism to maintain their national security. While the military viability of the Khmer Rouge forces, with support from China, against the Vietnamese occupation of Kampuchea was in doubt, the overwhelming political support for the ASEAN Kampuchean proposal at the United Nations General Assembly by the Western countries in 1979 had confirmed the "correctness" of the direction of the Thai foreign policy towards Vietnam. The intransigence of Vietnam and its arrogant posture with regard to the Kampuchean issue also helped to determine Thailand's hardline policy.

For China, the Kampuchean conflict made Thailand indispensable as a channel for Chinese arms, ammunition and other logistical supplies to the Khmer Rouge who were fighting the Vietnamese occupying force. The convergence of security interests between Thailand and China and the latter's dependence on Thai goodwill to pursue its goals in the region enabled Prime Minister Kriangsak Chomanand to squeeze a deal out of Beijing. Kriangsak skilfully extracted the PRC's cessation of assistance to the CPT — namely, to reduce material aid to the CPT and to close down

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the CPT's clandestine radio station in Yunnan (an act that effectively demoralized the CPT's members and subsequently wrecked the organization) in return for Thailand's collaboration on the Khmer Rouge issue. However, Prime Minister Kriangsak, as some analysts contend, tried to keep some distance with Beijing and maintain direct contacts with both Moscow and Hanoi to secure an agreement not to threaten Thai territory. The departure of Kriangsak and the "process" of implementing the Sino-Thai deal had the effect of sustaining and reinforcing the "Sino-Thai partnership" under General Prem Tinsulanonda's regime.

General Prem had governed Thailand for eight consecutive years from 1980 to 1988 and had left foreign policy virtually under the guidance of two important figures, namely, Foreign Minister Air Marshal Siddhi Savetsila and Secretary of the National Security Council, Prasong Soonsiri. The continuing Sino–Thai co-operation in supporting the Khmer Rouge against the Vietnamese occupation of Kampuchea had, in a number of ways, "institutionalized" Sino–Thai relations, but not without some cost. The strong reaction and hardline posture of Thailand on the Kampuchean problem had in turn forced Vietnam into a close alliance with more dependence on the Soviet Union. Southeast Asia was clearly divided into two opposing blocs. The worst repercussion of the hardline policy was Vietnam's intentional violation of Thai sovereignty.

Vietnamese troops first intruded into Thai territory at Non Markmun village on 2 June 1980 in an attempt to close off the border, to halt food shipments to the Khmer Rouge, to intimidate the Thai armed forces, and to break the Thai Government's resolve on its hardline Kampuchean foreign policy. Thailand, with the support of the United States and ASEAN, issued strong protests against the Vietnamese incursion. The United States pledged to honour its security commitments under the Manila Pact and increased military assistance to Thailand. To demonstrate its tangible support, the United States agreed to airlift shipments of arms sales to Thailand, as an emergency case, and gave easier terms for the payment of military sales to Thailand.

However, such American moves were not sufficient to discourage further Vietnamese violations of Thai territory on their Kampuchean border, short of a direct attack on Thai troops. The major intrusion on Thai soil occurred when hundreds of Vietnamese troops secretly occupied a strategic area bordering Thailand, Laos, and Kampuchea at Chong Bok pass in early 1987. Some sources reported that they had been there for at least two years, but Thailand decided to take action against them only in January 1987. The Thai army took several months and incurred heavy losses before they could expel the Vietnamese intruders. In August 1987, heavy fighting broke out again along the Thai–Lao border over a territorial

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dispute at Ban Rom Khao. The fighting escalated to the heaviest border war between Thailand and Laos since the latter came under communist rule in 1975. Thailand committed the entire Third Army with all heavy weapons and air strikes to flush out the well-fortified Laotians from positions inside Thai territory, while Laos committed its entire national armed forces to this war. The severe fighting lasted a few months and was brought to an end only by political negotiation between the chiefs of the two countries' armed forces.

These two cases of large-scale fighting revealed several deficiencies in the Thai defence mechanism. First, Thailand could not depend on external support, be it the United States, ASEAN, or other Western allies, in border conflicts that fell short of outright aggression. Secondly, the Thai armed forces lacked the co-ordinating experience and communication equipment, on a large scale, to be able to organize an effective attack – they had been basically trained and equipped to fight guerrilla warfare in small and separate units. Thirdly, there was a significant shortage of long-range artillery pieces and ammunition to sustain a long war, and a lack of adequate tanks and armoured personnel carriers (APCs) to conduct a swift assault against heavily fortified enemy posts. Fourthly, the cost of air-freighting American supplies of weapons, ammunition and spare parts was too high, being triple the normal cost. Thus, the Thai armed forces were constrained in their fighting. The price tag of the Ban Rom Khao war, which was more than US$1 billion, was simply too much for the limited defence budget of Thailand. American military aid to Thailand was too meagre and unreliable as it was subject to prior approval by Congress. The United States provided only small amounts (about US$50–100 million a year) of both economic and military assistance during the early 1980s, despite frequent appeals by the Thai leaders for a more substantial increase in military aid to meet the uncertain threat from the Vietnamese troops in Kampuchea. As a result, General Chaovalit Yongchaiyud, the chief of the Thai armed forces, turned to China for much needed weapons but at a much cheaper price and shorter delivery time.

In fact, China has been more than enthusiastic to develop close political and security relations with Thailand. Since the signing of the Soviet–Vietnamese friendship treaty, and Vietnam's intervention in Kampuchea, China has sought to identify with Thailand's, and more generally, ASEAN's fear of Hanoi–Moscow regional hegemonic collusion. Beijing has exhibited in various ways its opposition to Moscow–Hanoi ambitions. China's attack on Vietnam in February 1979, intended to teach it a "lesson", demonstrated its willingness to use force to contain Vietnam's expansion. Chinese military preparation to deliver a second lesson to Vietnam in 1984 had,

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in effect, tied down half of the Vietnamese crack forces on the Sino-Vietnamese border and lessened the threat to the Thai–Kampuchean border. After the Vietnamese incursion across the Thai border at Non Markmun, Beijing gave a strong warning to Vietnam and vowed to assist Thailand. Thereafter, a growing number of exchange visits by high-ranking officials between Thailand and China was visible.

The Thai paramilitary units have been armed with Chinese AK47 assault rifles and RPG rockets for some time. The acquisition of Chinese heavy armaments started only in 1986 when China donated thirty-six 130mm guns to Thailand. In January 1987, General Chaovalit decided to buy a wide range of Chinese arms at "friendship prices", that is, at only 10 per cent of the market price. The first agreement included 30 T-69 tanks equipped with 100mm guns, 410 Type YW531 APCs, 10 batteries of 37mm anti-aircraft guns, 3,000 RPG rockets, and a large quantity of 130mm ammunition. The second order (which has not yet been delivered) was for 23 T-69 tanks with 105mm guns, 360 Type 63-2 APCs, 6 Jianghu class frigates, and a quantity of artillery shells and minesweeper rockets. The third order which is under negotiation, will include diesel submarines, missiles, and F07 aircraft. The quality of Chinese arms is satisfactory to the Thai soldiers as they are efficient enough to deal with the current threat from Indochina. Above all, the large quantity of weapons at cheaper prices can offset the small numbers of high quality and expensive equipment.

The close co-operation in political and military relations between Thailand and China that grew out of the Kampuchean conflict has spilled over to trade and investments as well. The economic relations between Thailand and the PRC began as a result of political considerations in 1974 when China agreed to the Thai request for the sale of diesel oil as a consequence of an oil shortage. Since then, in order to cultivate good relations with Thailand, China has on several occasions bought up surplus Thai agricultural products to relieve Thailand's trade difficulties. For example, China bought US$43 million worth of rice and maize in early 1986 and 30,000 tonnes of Thai glutinous rice, 20,000 tonnes of green mung bean, 10,000–200,000 tonnes of raw sugar at the end of the same year. In general, bilateral trade between the two countries experienced a steady annual growth rate of about 60 per cent over 1977–78. Two-way investment has also been developed and increased at an impressive rate since 1980. The CP Group, the largest Thai investor in China, has about twenty investment projects under way in various parts of China and is seeking to expand its joint-venture plans after the Tienanmen incident. They include a motor-cycle manufacturing plant in Shanghai and a beer brewery project with the Dutch to produce Heineken beer in China for export. At the same time, the PRC has invested in several projects in

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Thailand in a wide range of businesses, from construction, travel agencies, transportation, shopping centres, housing estates, and factories for manufacturing chemicals to farm machinery, that are valued at over several billion baht. Recently, Thailand and China also tried to expand their relations to cover technological and scientific co-operation on top of the well-established political, military, cultural and economic relations. Such a multi-faceted development of Sino–Thai relations serves mutual interests and helps reassure a friendship in the post-Kampuchean era.

New Direction of Thai Foreign Policy Under Chatichai Choonhavan

Prime Minister Chatichai Choonhavan conceives China slightly differently from his predecessor because of the changing global and regional environment and the domestic factor in Thailand. He is determined to find an early solution to the decade-old Kampuchean conflict and to adjust Thai foreign policy to cope with the newly perceived international milieu. If the Kampuchean conflict had brought Thailand closer to China, then the possible ending of the Kampuchean conflict may change somewhat the nature of Sino–Thai relations.

When Chatichai became Prime Minister in August 1988, he conceived a rapid change in both political and economic relations at the global and regional levels that could affect the relationships of Southeast Asian states. These changes included the speedy improvement in U.S.–Soviet relations, with or without Afghanistan or Kampuchea; the growing prospect of the normalization of Sino–Soviet relations, with or without the solving of the Kampuchean problem; the possibility of Sino–Vietnamese *rapprochement*; and a good prospect of reaching a political solution on the Kampuchean conflict. These developments lead him to the conclusion that Kampuchea is no longer a "stumbling block" in the bilateral relations between China and Vietnam, China and the Soviet Union, and the Soviet Union and the United States. Therefore, "It should not be a stumbling block hindering Thailand's adjustment to the global economic restructuring either".

The global economic restructuring referred to here means the failure of the socialist economic system in several socialist states and their decision to adopt economic reforms and an "open door" policy, the formation of a single market by the Western European Community, and economic integration between the United States and Canada into a free trade area. The last two events have generated fears of increasing economic protectionism in the EC and North America that could reduce the amount of Thai exports. Yet, Chatichai views this new changing international milieu as providing opportunities as well as challenges ahead. He contends

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that Thailand's security must be based as much on economic well-being as on political stability and military readiness. These two aspects are interrelated and mutually reinforcing. Thus, Chatichai's new direction of foreign policy "is to enhance [Thailand's] security through the strengthening of [its] democratic institutions and through the promotion of greater economic progress and well-being, while at the same time, always maintaining the military capabilities to defend ourselves".

Towards this end, Chatichai feels a great need "to put a rapid end to the Kampuchean problem", and "to promote intra-ASEAN economic cooperation while also reaching out to our neighbours in Indochina and Burma so that they too can participate in the building of a peaceful and prosperous Southeast Asia". In addition, he also seeks "to explore the emerging opportunities for broader cooperation in the Asian-Pacific region in order to resist the tides of protectionism and to take full advantage of the region's immense economic dynamism and potential".

To create economic co-operation between Thailand and Indochina, Chatichai launched the now well-known policy of "turning Indochina from a war zone into a trading zone". Chatichai has a vision of Indochina developing rapidly into a commercially strategic centre by 1991. Indochina would be an ideal alternative market and resource supplier for the expanding Thai economy. Thailand would then become a vital link as the hub of this regional trade. So, Chatichai urged Thai businessmen to develop markets in Indochina and pledged Thai government assistance.

To formulate a policy that aims at expanding Thai economic interests into a new market close at hand like Indochina did not generate much suspicion and concern at that time. It was also no secret that despite Thailand discouraging businessmen from conducting trade with Laos and Vietnam and the fact that the border trade along the Thai–Kampuchean border was also illegal, a substantial volume of trade had been transacted actively between Thailand and Laos. Moreover, smuggling along the Thai–Kampuchean border could not be prohibited. Chatichai's encouragement of trading with Indochina did not surprise many politicians and officials. On the contrary, it was viewed as quite natural and an expected policy, reflecting Chatichai's party, namely the Chart Thai Party which comprises a large number of important businessmen and politicians with an economic background.

However, when Chatichai decided to invite Hun Sen to Bangkok on 25–27 January 1989 for direct talks to end the decade-old Kampuchean problem he encountered opposition from the rest of ASEAN, China, and other Western allies who had supported Thailand's previous hardline policy of non-recognition of the Phnom Penh regime and "bleeding Vietnam white", and from his own Foreign Minister. They viewed Chatichai's

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warm welcome to Hun Sen as implying Thai recognition of the PRK regime that would have strengthened Hun Sen's negotiating position against the resistance Coalition Government of Democratic Kampuchea (CGDK). The decision was taken without consulting Prince Sihanouk, the ASEAN members, China, or other allies in advance. Consequently, Chatichai has been partly blamed for the failure of the second Jakarta Meeting and Paris Peace Conference. Hun Sen had been intransigent on almost all issues by insisting on the exclusion of the Khmer Rouge faction from participation in an interim administering authority before elections and disputing the United Nation's role in the Kampuchean peace settlement. Nevertheless, Vietnam's unilateral decision to withdraw all its remaining troops from Kampuchea in September 1989 has relieved Kampuchea of much tension and reduced the political pressure on Chatichai despite the outbreak of civil war in Kampuchea. Furthermore, Chatichai Choonhavan, in his latest attempt to break the Kampuchean peace talks stalemate and to end the ongoing civil war, managed to create a new rift between him and his previous opponents by proposing a "step-by-step" incremental approach in place of a "comprehensive solution". The CGDK, ASEAN, the United States and China again opposed the Thai Premier's approach.

China, which has been the Khmer Rouge's main supporter and good ally of Thailand, had diplomatically been silent on Chatichai's Indochina initiative. However, behind the scenes, the Chinese questioned the logic of Chatichai's position on Kampuchea. Although China and Vietnam had conducted their talks at the Deputy Foreign Minister level since 20 January 1989, the Chinese have always maintained their pressure on Vietnam to withdraw its troops from Kampuchea and to settle the Kampuchean problem in the context of a "comprehensive resolution". Since Thailand plays an important role in the Kampuchean conflict, China has been concerned with Thailand's unilateral move. If Chatichai changes Thailand's position towards Vietnam and Kampuchea, it could lead to the collapse of the existing policy pursued by ASEAN and China on Kampuchea. At best, China will be left quite alone and ineffective in pressuring Vietnam. The Chinese concern was clearly revealed when Deng Xiaoping called for a "united front" among China, Thailand, and ASEAN to continue to put pressure on Vietnam. Deng told Chatichai in Beijing on 19 March 1989 that China's bargaining power was not unlimited and thus required a "united front" to help put pressure on Vietnam and the PRK.

In October 1989, after the failure of the Paris Peace Conference, Chatichai made a second visit to Beijing to sell his "step-by-step" peace approach to the Chinese leaders and called for an immediate ceasefire in Kampuchea. The Chinese, again, were polite not to object to Chatichai's new initiative. Deng told Chatichai that Thailand could try the

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"step-by-step" approach in parallel with the approach for a "comprehensive" political settlement. Such Chinese reaction prompted Chatichai and his advisers to conclude that Deng Xiaoping endorsed his policy. Chatichai's diplomatic manoeuvre to win Chinese support for his Kampuchean policy at this particular juncture was interesting. The United States and other Western countries had boycotted China and put political pressure on Beijing to institute political reform after the Tienanmen incident that had tarnished China's image. Such measures not only created economic difficulty for China but also undermined its diplomatic prowess.

The continuing Western boycott of Beijing could weaken China and threaten the existing balance of power and stability in Southeast Asia. Chatichai contends that what happens to China will inevitably affect all countries in this region. Therefore, he urged Western countries not to interfere with Chinese internal affairs and close their doors to China. Chatichai considered his second visit to Beijing within one year as a moral booster for China and a friendly gesture from Thailand. He had played an important role in establishing Sino–Thai diplomacy in 1975.

Regarding his Kampuchean initiative, Chatichai viewed China and ASEAN's advocacy for a comprehensive political settlement as an "unrealistic" approach since the Kampuchean problem was not a single-issue subject that could be dealt with by a single shot. Rather, it was a highly complex issue that had to be dealt with on a step-by-step approach. If the "Khmer Rouge" issue was the biggest "stumbling block" of the Kampuchean peace talks, Premier Chatichai's advisers believed that his approach provided a "graceful exit" for all parties concerned, including China.

Golden Peninsula and Maritime States Linkage

Although there has as yet been no reaction from China, the effort of the Thai military to get Burma to be involved in a larger economic co-operation scheme among countries on mainland Southeast Asia would inevitably affect the correlation of forces in this region. To supplement Chatichai's policy of turning Indochina from a war zone into a trading zone, the Thai military had also proposed a new regional economic co-operation arrangement among countries on the Southeast Asian mainland under the caption of "Suwannaphume" or "golden peninsula" plan. This notion calls for economic co-operation among Thailand, Indochina, and Burma, with Thailand being the hub. This economic concept would, in turn, link Singapore, through the ASEAN framework.

Both Chatichai's Indochina initiative and the Thai military's notion of "Suwannaphume" have been well received by the leaders of the Indochinese states, particularly Vietnam. Vietnamese Foreign Minister Nguyen

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Co Thach has proposed that Thailand be the "co-ordinator" of efforts in organizing future Indochinese economic co-operation. He also proposed the establishment of a "consultative body" for Southeast Asian countries to hold discussions at regular intervals. Thus, Thach's proposal has reinforced Chatichai's dream to see all Southeast Asian countries being able to sit together to discuss the future of regional co-operation, ending hostility between the ASEAN and Indochina blocs. Such an idea has created suspicion among the ASEAN states.

It suffices to say that the opening up of the Indochinese states and the Burmese markets would divert some trade and investment from the industrialized states that was actually intended for ASEAN and China. The future expansion of trade between Thailand and its neighbouring socialist states would also reduce Sino-Thai economic relations. Consequently, these socialist states would compete with both Thailand and China for economic loans from the Asian Development Bank (ADB) and the World Bank, and for economic aid from the industrialized states.

Thai–Japan Relations: Political and Economic Perspectives

Thailand and Japan have had a long history of friendly relations stretching back six hundred years. Before World War II, the Thai Government under Marshal Phibun Songkhram had skilfully requested Japan to intervene on behalf of Thailand in its irredentist claim over French Indochinese territories. Then, when the war broke out, Phibun had decided to co-operate with Japan to preserve Thailand's political stability and the people's welfare and to recover some lost territories, rather than fight with, and be occupied by Japan. Unlike other Southeast Asian states, Thailand sustained only minor war damage, partly explaining why Thailand did not oppose enhanced Japanese military capabilities during the 1980s. Indeed, the Thai leaders view Japan's defence build-up and a possible political and security role in Southeast Asia as contributing towards greater peace and stability in the region.

Japan has, however, played a more significant role in helping Thailand and other countries in this region develop their economies through trade, investment and economic aid. The Japanese economic contribution to Thailand has boosted domestic stability and improved the people's well-being. Nevertheless, due to the asymmetry inherent in the Thai–Japanese economic relationship, Thailand has suffered a large trade deficit with Japan and has sought to alleviate the problem.

On a broader front, Thailand feels that Japan, which is the second richest country in the world, can use its economic power to promote peace and stability by establishing a more developed and prosperous

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Asian-Pacific region on the basis of a symbiotic interdependence between Japan and the rest of the countries in the region. To implement such a policy, Thai Deputy Prime Minister Pong Sarasin has said that Japan would need "to open more of her market for (Asian) trade, to facilitate more technology transfer, and to direct more capital investment to the region". However, Thailand's earnest demands have not been well received by the Japanese simply because Japan has faced such demands from almost every country with which it enjoys huge trade surpluses. So far, both the Japanese Government and the private sector have not been very enthusiastic about correcting Thailand's trade imbalance problem; nor is Japan willing to help Thailand in reducing its dependence on the former. To make it worse, some studies have revealed that Japan's long-term goal in the Asian-Pacific region is to economically integrate the region under Japanese leadership. They contend that Japan is manipulating the Asian-Pacific economies into a regional division of labour under the tight but subtle control of Tokyo. However, Japan views ASEAN as an important economic organization in Southeast Asia and pays much attention to Thailand in particular. Whether Thai leaders can find ways and means to improve its economic relations with Japan in future remains to be seen.

Thai–Japanese Political Relations

After World War II, when the United States was the only prominent power in Southeast Asia and played a leading role in preserving peace and security, Japan chose to concentrate on economic development and an expansion of trade relations. In the 1970s, Japan became a dominant economic power in Southeast Asia but remained under the shadow of American political and military might. However, unlike America, Japan has deliberately separated economics from politics and believes that the economic development of Southeast Asia would save the region from communist domination. This was the basis of the Yoshida Doctrine.

Before the Vietnamese invasion of Kampuchea in December 1978, Japan enjoyed healthy economic relations with all three Indochinese socialist states and provided aid and loans to Vietnam. Japan also tried to play a role in "bridge-building" between ASEAN and Indochina under the "Fukuda Doctrine". After ASEAN, the United States and the majority of the U.N. members decided to boycott Vietnam, Japan agreed to follow suit by freezing its annual 14 billion yen economic loan and aid package to Vietnam and to support the ASEAN stand on Kampuchea. This is because ASEAN is Japan's second largest trading partner and provides a much larger market and more ample economic opportunities than Indochina.

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Geographically speaking, ASEAN also controls the sea lanes that are indispensable to Japanese trade with much of the rest of the world.

After the Vietnamese intrusion into Thailand in mid-1980, Thai leaders urged Japan to play a greater security role in Southeast Asia and to increase its military strength. For example, in September 1980, former Foreign Minister Bhichai Rattakul suggested that Japan should rearm in order to have an effective political role. In January 1981, Thai Foreign Minister Siddhi Savetsila told Japanese Prime Minister Suzuki during his visit to ASEAN that Thailand did not fear the military resurgence of Japan and would welcome a Japanese security role in Asia. In November 1981, Prime Minister Prem Tinsulanonda expressed the opinion that Japan should play an active role to maintain peace and security in Southeast Asia. In May 1983, Prem again lauded Nakasone's decision to expand the Self-Defence Forces and to patrol Japanese sea lanes up to a 1,000-nautical-mile perimeter from Tokyo Bay, as a contribution to peace and stability in East Asia.

It is also noteworthy that leading Thai élites in various quarters also support the idea of increasing Japan's political and security role in Southeast Asia in place of America's decreasing role because of its economic status. As Japan no longer abides by its previous 1 per cent GNP defence-spending principle and continues to increase its defence budget, it is likely to become a military power in the near future, perhaps by the year 2020, if not sooner. However, Thailand and ASEAN will feel safe if Japan's defence posture continues to be under the context of Japan–U.S. security arrangements. With its existing economic power, Japan can play a constructive political role in Southeast Asia specifically, and the wider Asian-Pacific region more generally. Japan also gives substantial aid to Laos and Burma for economic development and sustains some influence over their regimes. Japanese businessmen likewise have followed Thai Prime Minister Chatichai's Indochina initiative to increase trade with Kampuchea and Vietnam. So, it is very likely that Japan will turn to Indochina for cheap labour and resources after the Kampuchean conflict is resolved.

Thai–Japanese Economic Relations

As a result of Japan's spectacular economic achievements in the 1970s, Thai leaders have begun to shift their view of the modernization model from following that of the United States to emulating that of Japan. The declining influence of the United States in Thailand in terms of reduced economic aid and American expertise after the Vietnam War has also contributed to the rapid deterioration of the validity of the American

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development model in addition to the increasing criticism of the materialistic American way of modernization that has caused several social and economic problems.

A survey of Thai graduate students on their attitudes towards a model of modernization for Thailand by comparing Japan, West Germany, the United States, Singapore and Switzerland, reports that Japan is their favourite country. Thai students in this survey consider that "Japan can be a model of modernization, especially in the aspects of modernization which emphasize national identity, endurance, national strength, alertness, patriotism, and achievement orientation". To be more precise, the Japanese management system and quality control techniques are highly popular in Thailand. However, to what extent the Japanese economic development model and management techniques can be applied to Thailand is another question.

Some Thai economists have cautioned Thailand on emulating the Japanese modernization model by pointing out several negative by-products and factors that are highly unique to Japan. In general, the Thai economists are interested to learn the strengths and weaknesses of the Japanese economy and seek to adopt its best and most applicable factors for emulation such as discipline, habits of hard work and thriftiness, for developing the country, and for economic nationalism.

Regarding trade and investment relations, Japan is Thailand's most important trading partner and foreign investor. From 1957 to 1987 the value of Thai–Japanese trade increased rapidly from US$920 million to US$5,246 million. However, as Thailand exports to Japan mostly agricultural and primary products, and imports capital and industrial products from the latter, it has incurred a continuous trade deficit. The amount of Thailand's trade deficit with Japan rose from US$44 million in 1957 to US$1,777 million in 1987. In that year, Thai–Japanese trade constituted 20.6 per cent of Thailand's foreign trade but aggregated only 1.3 per cent of Japan's global trade. In 1988, the value of Thai–Japan trade increased tremendously to the amount of US$8,532.6 million. Despite this unequal trading situation between the two countries, Japan remains a major trading partner of Thailand along with the United States, the European Community and Singapore.

Besides trade, Japanese investment in Thailand has also played an important role in developing the Thai economy. Since 1985, there has been a significant increase in Japanese investment in Thailand because of Japan's restructuring of its economy and as a result of the appreciation of the yen. Japan has relocated its small and medium-scale, labour-intensive, smoke-stack, and sun-set industries to Thailand and other Southeast Asian countries. Within ASEAN, the volume of Japanese investment in Thailand

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ranked third behind Indonesia and Singapore. However, within Thailand Japanese investment ranks first, ahead of the United States, Hong Kong, and Taiwan. The increase in Japanese investment projects in Thailand in recent years has been centred mainly on export-oriented manufacturing operations, namely, electronic components, automobile parts, electronic appliances, and textiles. According to one analysis, "the Thai government supports investment in export-oriented industries, and the private sector also desires Japanese investment since it is interested in acquiring Japanese technology and securing the Japanese market for export, as well as expanding its production share in the Thai domestic market".

Concerning economic and technical co-operation, Japan has provided a substantial amount of economic and technical aid to Thailand as an instrument to create a market for its products to offset Thailand's criticism of trade imbalances and anti-Japanese feeling, as well as to help develop the economic infrastructure of Thailand's human resources. Since its first economic development plan in the early 1960s, Thailand has perceived Japan as an important source of loans because of its low interest rates and long grace and repayment periods. Currently, Japan provides the largest amount of grant aid, and a large number of experts and advisers to Thailand. In 1986, Japan gave US$93 million worth of grant aid to Thailand, or about 52.2 per cent of the total grant aid received by Thailand for that year. For the entire Thai fifth five-year economic development plan, Japan provided slightly more than 50 per cent, or about US$416 million, of all grant aid.

Thailand has been pressuring Japan to restructure Thai–Japanese economic relations since 1985 by alleviating the problems of trade deficits, technology transfer, and tariff and non-tariff barrier issues, but with little success. The two rounds of Thai–Japanese discussions in 1985 and 1988 served only to heighten consciousness on both sides of the existing problems and how they can best be tackled in accordance with mutual interests. However, it is interesting to note that the current Japanese import liberalizing scheme and the appreciation of the yen that resulted in an increase in Thai exports to Japan are both the consequences of international pressure on Japan and have nothing to do with Thai–Japanese bilateral discussions.

Conclusion

Thailand considers Japan as one of its significant allies in both political and economic terms, and in co-operation with the United States, China and other Western allies *vis-à-vis* the Vietnam–Soviet alliance in Southeast Asia. Thai leaders, in their efforts to enlist Japan to play a security role

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against the perceived Vietnamese threat, had long encouraged Japan to strengthen its defence forces and to play a more active political-military role in the region, but with little result. Japan, however, has played a more important role in developing the Thai economy through increasing trade, investment, and economic aid. Thailand, nevertheless, like the rest of ASEAN, hopes Japan will help in addressing the existing trade deficit and technology transfer questions, and will increase investment in the region that will be of benefit to all the countries.

Thailand does not possess much leverage in its dealings with Japan. The opening up of the Indochina and Burma markets has enabled Japan to resume its trade relations with those countries. Although the amount of trade with Indochina and Burma is currently very small, Japan is likely to increase more trade and investment in these socialist states after the Kampuchean conflict is resolved, and this will be at the expense of Thailand, the other ASEAN members, and China.

Insofar as Sino-Thai relations are concerned, they are likely to remain cordial even after the Kampuchean conflict because of the already well-established web of political, economic, and military ties between the two countries.

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Soviet Naval Power in the Pacific

Derek da Cunha

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Regional Arrangements and International Security in Southeast Asia: Going Beyond ZOPFAN

MUTHIAH ALAGAPPA

Regional approaches to promote international peace and security are regaining prominence in today's post-cold war environment. In Southeast Asia, calls for the establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN) as a means of reducing tension and preventing conflict have been revived. However, the assumptions underscoring the "peace through neutrality" component are not well-founded and the concept of neutrality is not relevant to contemporary circumstances. The "peace through law" and "peace through regional cooperation" components provide a better basis for developing a more broad-based, multi-layered framework for peace and security in the region. The article also stresses the importance of regional community-building, and the political and socio-economic development of the countries in the region. The proposed framework seeks to actively engage the extra-regional powers in this process instead of excluding them.

Introduction

The end of the cold war has made for significant change in the approach of the major powers to regional conflicts. These conflicts are no longer viewed in ideological- or strategic-competitive terms but as threats to a world order which the major powers have a common interest in preserving. Consequently, co-operation to resolve outstanding regional conflicts and concerted action to counter aggressive behaviour in developing regions are beginning to emerge as norms of major power behaviour. Greater

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co-operation among them and declining resources have also made concerted action through the United Nations an attractive option for the major powers. While the idea of collective security as embodied in the U.N. Charter is still far from realization, the invigoration of the U.N. Security Council role in the maintenance of international peace and security is beyond doubt.

The role of regional arrangements in this emerging but still unclear structure for international peace and security merits examination for a number of reasons. First, the major powers may not have the interest and, more significantly, the resources to deal with all regional conflicts. While conflicts like the Iraqi invasion of Kuwait may evoke prompt and substantive response, others that are less consequential or less clear-cut may not. Secondly, although the strengthening of the U.N. Security Council role may be viewed as a positive development, it could also produce resentment if it is perceived by the developing countries as an imposition, that is, a diktat of the permanent five. Thirdly, a reduction in international tensions may be perceived by regional actors as creating opportunities to increase their control over the immediate strategic environment. Aspiration for "regional solutions to regional problems" and the impulse to realize region-based conceptions such as the creation of "zones of peace" may gain ground.[1] The new momentum underscoring the Conference on Security and Co-operation in Europe (CSCE) and the support of the major powers for this process may also give a boost to regional efforts in other parts of the globe. For these and other reasons regional arrangements may become more attractive and gain in prominence. Their place in the emerging structure for the maintenance of international peace and security would be a function of their effectiveness in the prevention and resolution of regional conflicts, and in the enhancement of the national security of the states in the region. With this in view, this article attempts to evaluate the potential of the zone of peace, freedom and neutrality proposal to contribute to peace and stability in Southeast Asia and also suggests elements that should be included in any regional framework for order and security in the coming decade.

In 1971 the countries of the Association of Southeast Asian Nations (ASEAN) adopted the Kuala Lumpur Declaration which declared their intent to create a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia. The purpose was to bring about a relaxation of international tension and lasting peace in Southeast Asia through the prevention of interference by outside powers and the encouragement of greater co-operation among the indigenous states. Development and implementation of the ZOPFAN idea were rather slow and were brought to a halt by the Vietnamese invasion of Cambodia in December 1978. Since then,

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a comprehensive solution of the Cambodian conflict has been stated by the ASEAN countries as a prerequisite to the establishment of ZOPFAN. Fearing an indefinite postponement of ZOPFAN as a result of the continuing stalemate in Cambodia and intensifying great power rivalry in Southeast Asia, the ASEAN foreign ministers revived the Working Group on ZOPFAN (WGZOPFAN) in 1984. In the following year they directed it to develop a detailed elaboration of the principles, objectives and elements of a nuclear weapons-free zone in Southeast Asia (SEANWFZ), which was advanced as a component of ZOPFAN. The ASEAN heads of government meeting, at their third summit in Manila in December 1987, directed the WGZOPFAN to work towards the early realization of ZOPFAN and also the early creation of a nuclear weapons-free zone in Southeast Asia.

The expectation of a settlement of the Cambodian conflict and the changes taking place in major power relations have renewed hope and interest in ZOPFAN. While proponents continue to see great merit in the concept as a basis for promoting peace and stability in Southeast Asia, others, in and out of the region, are skeptical and tend to dismiss it. There is also concern about the relevance of the concept for the management of order and security in the post cold war era. Despite the currency of the acronym, little is known of the concept itself. According to Sinnathamby Rajaratnam, the former deputy prime minister and foreign minister of Singapore, ZOPFAN has had a "secret life" with much myth being built around it.[2] With few exceptions, discussion of the concept has been confined primarily to the ASEAN foreign ministries and even more specifically to bureaucrats engaged in the ASEAN process. Public intellectual discourse has been limited if not absent.

In the light of this, the next section is devoted to an elucidation of the history and content of the concept. This is then followed by an evaluation of the potential of ZOPFAN to contribute to regional peace and the national security of states in Southeast Asia. The final section offers some conclusions and recommendations specifically on the structure for the maintenance of peace and security in Southeast Asia. These conclusions may also be suggestive of possibilities and limits of regional arrangements in the maintenance of international peace and security in the post-cold war era.

ZOPFAN: History and Concept Elaboration

ZOPFAN has its origins in the Malaysian proposal for the neutralization of Southeast Asia, which was formally articulated for the first time by the Malaysian Prime Minister Tun Abdul Razak at the Non-Aligned Summit in Lusaka in September 1970. The Malaysian proposal had two elements.[3]

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One was the collective neutralization of Southeast Asia by means of guarantees by the United States, the Soviet Union, and China. These powers were required to accept and respect Southeast Asia as an area of neutrality, exclude the region from competition among themselves, and devise supervisory means to guarantee its neutrality. The second element required countries in the region to fully commit themselves to the principles of non-interference and non-agression in the conduct of their inter-state relations, follow a policy of non-involvement in the rivalries among the big powers, and seek the exclusion of these rivalries from Southeast Asia.

In the diagnosis of the Malaysian leaders, great power rivalry was the root cause of instability in Southeast Asia and, hence, its elimination would pave the way for peace and stability. The neutralization proposal was "therefore designed to insulate the countries of Southeast Asia from being a theater in which the big powers manoeuvre for preponderance of interest and influence and thus insure a degree of permanent security and stability".[4] As the proposal was supposedly in the strategic interest of all three major powers, they were expected to be positively disposed towards the idea of neutralization.[5] The Malaysian leaders also perceived the changing constellation of forces in Southeast Asia as providing the opportunity for the countries in the region to come together to impress upon the big powers to redefine their role and reduce their presence in the region. Collective action on their part would not only "pre-empt the big powers from deciding their fate" but also allow them "as a block to work out the ground rules ... and for once allow the Southeast Asian nations to undertake the initiative in the future development of the region".[6]

The Malaysian proposal, grounded essentially in its own circumstances and concerns, and reflecting a change in its international orientation from "pro-Western" to non-alignment, had a mixed if not skeptical reception from its ASEAN partners who apparently had not been consulted when the idea of neutralization was first broached in Lusaka.[7] Most of them viewed the idea as impractical and doubted its utility in providing for their security.[8]

The Indonesian response was cool but not negative. Neutralization by guarantee implied perpetual dependence on the major powers for regional security. It also implied renouncing national role conceptions and opting out of the dynamics of the international system. This ran counter to Indonesia's regional leadership aspirations and its commitment to an "independent and active foreign policy". While Jakarta was keen to see order and security in the region become the primary responsibility of the Southeast Asian countries, in its view this could only be achieved through the development of national resilience[9] and effective regional cooperation. Nevertheless, Indonesia was not totally opposed to the Malaysian

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proposal. It saw merit in the attempt to regulate the activities of external powers in the region and also perceived the proposal as a means to give effect to the clause in the 1967 ASEAN Declaration that all foreign military bases in the region were temporary. This clause on foreign military bases was inserted in the 1967 ASEAN Declaration at Indonesia's insistence.[10] While Indonesia could not accept the passiveness and subordination that would result from neutralization, neutrality was in keeping with its non-aligned foreign policy.

Thailand, Singapore and, to a lesser degree, the Philippines were skeptical about the proposal. The initial Thai reaction was in fact hostile. It viewed its security relations with the United States as critical, while Singapore argued for continued American military presence in Thailand and the Philippines. Neither of them could take seriously the proposition that the Soviet Union and China should be invited to guarantee the neutralization of Southeast Asia.[11] Although some Filipinos were intellectually attracted to the idea, recognition of the economic benefits of the American military presence in the Philippines, and the belief that the proposal would have a negative impact on the Philippine claim to Sabah, made for an unenthusiastic and ambivalent response from Manila.

Notwithstanding this heavy dose of skepticism, the general notion that Southeast Asia had suffered from the "ill-considered actions of the super-powers" was widely accepted. In addition, two considerations appear to have moved the other ASEAN countries to endorse the Malaysian proposal but only after significant modification. One was the belief and understanding that ZOPFAN would be a long-term goal and that subscription to this ideal would in no way undermine current policies and arrangements. This was reflected in the qualifications made after the signing of the Kuala Lumpur Declaration. Thanat Khoman, the Thai special envoy, for example, stated his interpretation of neutrality as "freedom from interference by outsiders in our internal affairs, and pledging in return that we would not meddle in other people's affairs", and not as supporting a view that would embrace non-alignment, non-involvement, or not leaning towards one side or the other.[12] The second consideration flowed from a perception of the changing strategic situation in the region. The emerging Sino–American *rapprochement* and Soviet–American *détente*, and the beginning of the peace talks in Paris were viewed as creating an opportune moment for regional states to play a more active role in charting the ground rules for international relations in Southeast Asia. Endorsement of the Malaysian initiative, however, did not alter the fact that commitment to the Kuala Lumpur Declaration among the ASEAN countries was rather uneven and for the most part lukewarm. This was reflected in the initial attempt to dissociate the Kuala Lumpur Declaration

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and the committee created to carry out the study on neutralization from ASEAN.[13]

While neutralization was referred to as a desirable objective in the preamble of the Kuala Lumpur Declaration, there was no agreement on it as the means to achieve ZOPFAN. At the time of signing the 1971 Declaration there was an understanding that means other than neutralization would also be explored. This understanding was stated explicitly at the ASEAN foreign ministers' meeting in July 1972. Gradually, the idea of neutralization has been abandoned. Thus, it is important to note that while ZOPFAN has its genesis in the Malaysian proposal, it is distinctly different in that neutralization has been replaced by neutrality. While neutralization by definition would have made peace and security in the region dependent on major power guarantees, neutrality would confer the responsibility and initiative on the regional states, although recognition and respect by the external powers continued to be an important ingredient of ZOPFAN.

Following their November 1971 meeting, the ASEAN foreign ministers created a committee of senior officials to draw up the blueprint for ZOPFAN. This was completed by 1975 and the "Conceptual Framework and Proposals Concerning Steps for the Creation of ZOPFAN" was adopted by the ASEAN heads of government at their Bali summit in 1976. According to this blueprint, ZOPFAN may be deemed to exist when the regional states are free to pursue national development and regional co-operation without interference from outside powers. Peace is defined as a condition in which the region is free of ideological, political, economic, armed and other forms of conflicts. Freedom is defined as the right of states to resolve their domestic problems in whatever manner they deem appropriate and to assume the primary responsibility for security and stability in the region. Neutrality requires the regional states to maintain impartiality in their relations with the major powers and refrain from involvement, directly or indirectly, in ideological, political, economic, armed or other forms of conflict.

The blueprint also details the guidelines for a code of conduct for states in the region and the guaranteeing powers, and also briefly dwells on actions to be taken in the event of violations by states in and out of the region. The thrust of the blueprint appears to be the creation of an indigenous regional order in Southeast Asia that would be respected by the outside powers. In operative terms this would require states in the region to conform to specified norms and make changes in their international political and security orientation, develop regional mechanisms and procedures for the settlement of disputes, gradually eliminate foreign military presence from the region, create a nuclear weapons-free zone in Southeast Asia, and gain respect and recognition of this new regional order by key external actors.

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As of 1990 there are three documents relating to ZOPFAN: the 1971 ZOPFAN Declaration, the ZOPFAN blueprint, and the 1976 Treaty of Amity and Co-operation. The inter-relationship among these three documents has not been formally articulated and is a matter of some confusion, making for different interpretations of ZOPFAN. The confusion stems primarily from the title of the 1971 Declaration which appears to confer equal importance to the ultimate goals of "peace and freedom" and one of the means to achieve these goals, that is, neutrality. This unfortunate fusion of goals with one of the means is compounded by the near exclusive focus in the ZOPFAN blueprint on relations with external powers, and the neglect of the second component of the ZOPFAN Declaration which calls for greater regional co-operation among all states to "contribute to their strength, solidarity and closer relationship". This has resulted in a narrow but popular interpretation of ZOPFAN as primarily concerned with relations with external powers and the exclusion of foreign military presence from the region. In this narrow interpretation, ZOPFAN and neutrality are synonymous.

The 1976 Treaty of Amity and Co-operation, on the other hand, accords greater emphasis to the promotion of peace through regional co-operation while also elaborating on the principles for inter-state conduct and procedures for the pacific settlements of disputes. The combination of the 1971 Declaration and the 1976 Treaty suggests a broad interpretation of ZOPFAN in which peace is to be achieved through:

1. Prevention of interference by outside powers. To achieve this, regional states are required to adopt strict impartiality in their relations with the major powers. This may be termed as the "peace through neutrality" component;
2. Conformity to internationally accepted norms and an undertaking by regional states to prevent future disputes and resolve existing ones through pacific means. This may be termed as the "peace through rule of law" component; and
3. Regional co-operation to build a community of Southeast Asian nations in which the role of force will be minimized if not eliminated. This may be termed as the "peace through regional co-operation" component.

It is hoped that the pursuit and realization of these components would create a favourable environment in which regional states can focus their resources and effort on domestic political and economic development. In ASEAN parlance, such as environment would be conducive to the development of "national resilience" which in turn is considered to be an important foundation for "regional resilience". This broad interpretation of ZOPFAN is not only a more accurate representation of the concept but

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is also in keeping with the ASEAN approach to peace and security. It also carries greater force because of the formal standing of the 1971 Declaration and 1976 Treaty.

Evaluation of ZOPFAN

The evaluation of ZOPFAN is a difficult undertaking and may even be presumptuous as the idea has not been endorsed by all states in the region and by at least two key external actors. Even within ASEAN, the commitment is rather uneven. Furthermore, its operationalization and implementation have been rather limited and chequered, and confined primarily to the ASEAN sub-region. As such, the concept should be viewed as still in the proposal phase. Its evaluation, therefore, has to be primarily, though not exclusively, in terms of its potential to promote peace and security in Southeast Asia through the three approaches identified above.

Peace through Neutrality

The neutrality component of ZOPFAN relates most directly to relations with key external actors. The ZOPFAN blueprint requires regional states to refrain from involvement and follow a policy of impartiality in the rivalry and conflicts among the major powers; not to enter into any agreements with external actors that would be inconsistent with the objectives of the zone; to refrain from inviting or giving consent for external powers to interfere in domestic/regional affairs; to deny military bases to foreign powers; and to prevent the use, storage, passage or testing of nuclear weapons in the region. China, the Soviet Union, the United States and now presumably Japan are to be invited to recognize and respect Southeast Asia as a zone of peace, freedom and neutrality. Such recognition and respect entail non-intervention in domestic and regional affairs; peaceful settlement of disputes with zonal states; refraining from establishing new pacts or bases in the region and gradually remove existing ones; and refraining from the use, storage, passage or testing of nuclear weapons within the zone.

The case for neutrality, which was formulated during the height of the cold war, appears to rest upon three key assumptions. First, the extension of the rivalries and conflicts among the major powers into Southeast Asia has been a fundamental cause of insecurity and instability in the region. Exclusion of these rivalries should pave the way for peace, security and stability in Southeast Asia. Hence, the emphasis on the phrase "free from any form or manner of interference by outside powers" in the 1971 Declaration and other related documents. Secondly, all Southeast Asian states have a common interest in eliminating major power military

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presence and role in the region. Finally, Southeast Asia can be insulated from the politico-strategic pressures of the broader international system. The force of these assumptions is examined below.

Assumption One: Major Power Rivalry and Intervention Create Insecurity and Instability

That Southeast Asia has been a focus of interest and rivalry among the major powers is beyond doubt. The proposition that major power intervention has been a fundamental cause of insecurity and instability in Southeast Asia, however, requires critical examination. With the possible exception of the American intervention in Vietnam, conflicts in the region have been precipitated primarily by political disputes at the domestic and intra-regional levels. The state formation process has been the main source of domestic conflicts which have centred on political identity, organizing ideology, and regime legitimacy. At the intra-regional level, historical rivalries and antagonisms, geopolitical and ideological imperatives and the overlay of these factors on a number of domestic disputes have made for tension and conflict. While external support may have been a factor in the precipitation of some of these conflicts, its primary impact has been in the vertical and horizontal escalation of these conflicts.

Exclusion of major power rivalry from the region cannot, therefore, in and of itself be expected to lead to the resolution of regional conflicts. In some cases it could even exacerbate local rivalries which have remained dormant or been suppressed by the imposition of the dynamics of major power competition. For example, the American withdrawal from Indochina did not result in a peaceful sub-region, despite the communist victories in all three countries. Vietnam's desire for predominance in the sub-region and Cambodian rejection of this quest precipitated the Cambodian conflict. The continuing difficulties in the resolution of this conflict also stress the point that removal of external factors does not equal regional security and stability. While the removal of the Sino–Soviet and Soviet–American dimensions facilitated the peace process, the deep distrust and hostility among the Khmer factions, and the Vietnamese concern with the Khmer Rouge continue to be stumbling blocks to an international settlement. Even after an international settlement is in place, it is likely that the local and intra-regional antagonisms will continue to make for instability in Cambodia and in its relations with neighbouring countries.[14]

The removal of major power rivalry, however, is not without positive effects. By preventing conflict escalation, which is the primary consequence of major power intervention, the systemic consequences of the conflict in concern may be minimized. This point can also be illustrated with

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reference to the Cambodian conflict. Soviet support for Vietnam destroyed the sub-regional balance of power, making Vietnam the dominant military power in the sub-region. To counter this, Thailand reinvigorated its security relations with the United States, entered into an alignment with China and mobilized ASEAN support. In sum, Soviet support facilitated conflict escalation and contributed to the polarization of the region into two *de facto* ideological blocs. Subsequent reduction in Soviet support for Vietnam and Vietnamese withdrawal from Cambodia restored the sub-regional balance of power. Thailand's need to mobilize the support of China, the United States and the ASEAN countries declined. The Thai–Vietnam and ASEAN–Indochina dimensions of the conflict have since become less consequential. In other words, conflict de-escalation which resulted from a reduction in Soviet support for Vietnam has minimized the systemic consequences of the conflict.

It must, however, be noted that the polarization that has characterized Southeast Asia for the past decade is as much due to intra-regional dynamics as to external factors. Vietnam, for ideological and strategic reasons, directed its efforts towards the creation and consolidation of a socialist bloc under its dominance. This was unacceptable to the non-communist ASEAN countries which chose to confront Vietnam over Cambodia. This intra-regional polarization acquired an international dimension when both groups of states sought external support to implement strategies which required resources far in excess of those at their disposal.

This leads to the point that the external intervention in the region has not been a one-way street, benefiting only the external powers. Frequently, they have been in response to the security needs of countries in the region. For example, British intervention in 1963–65 was in response to the Malaysian request under the Anglo-Malaysia Defence Agreement. This intervention, while perceived by Jakarta as further evidence of the imperialist plot, was critical in the defence of Malaysia against the Indonesian confrontation. Similarly, American intervention in Indochina, while it was part of the global crusade against communism, was not unrelated to the security concerns of non-communist countries in the region. Thailand was keen to secure an American commitment to counter the perceived communist threat from Vietnam and China. Singapore and Malaysia supported the American war against communism in Indochina. Lee Kuan Yew and other Singapore leaders are on record as stating that the American intervention provided invaluable time for the non-communist countries to undertake political and economic development. Several non-communist states in the region also reaped economic benefits from their relations with the United States. Similarly, while Chinese and Soviet support for Vietnam during the Second Indochina War was in pursuit of their ideological

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and strategic interests, it was also in the interest of Vietnam which was seeking to "liberate" South Vietnam and unify that country. More recently, Thailand and ASEAN viewed it in their interest to mobilize the support of China and the United States to counter the Soviet-backed Vietnamese threat.

The brief discussion above suggests that insecurity and instability in Southeast Asia have been as much a product of domestic and intra-regional conflicts as of the rivalries and conflicts among the major powers, with the former providing the opportunities for the imposition of the dynamics of the latter. Major power interventions have contributed primarily to conflict escalation and through that amplified the systemic consequences of local conflicts. By superimposing their concerns they also added new dimensions to the conflict, thereby linking conflict resolution to the priorities and policies of the major powers. It is, however, also a fact that external interventions have enhanced the security and stability of individual countries or groups of countries. Thus, the relationship between major power intervention and security and stability in the region is not as clear-cut as posited by this assumption. A more discriminating approach which, while seeking to minimize the negative consequences of major power intervention, also preserves the positive elements is required.

Assumption Two: Regional States Have Common Interest in the Exclusion of Big Powers

This assumption has not been borne out in practice as reflected in the lack of progress in operationalizing the neutrality component of ZOPFAN. Although concepts such as "equidistance", "disengagement" and "legitimate interests" have been discussed in the WGZOPFAN, there is as yet no consensus within ASEAN on the approach to external powers. Indonesia and Malaysia are firm advocates of neutrality. They have been the main force behind the nuclear weapons-free zone proposal and were also critical of Singapore's offer to host American military facilities on the ground that it ran counter to the ZOPFAN objectives.[15] Eventually, both these countries stated they had no objection to the Singapore offer as long as it would not result in a permanent American military presence in that country.[16]

Thailand and Singapore on the other hand are committed to a balance of power/presence approach. As pointed out earlier, Thailand, when signing the 1971 Declaration, stated that its interpretation of neutrality did not mean that Thailand would become non-aligned, or that it precluded "leaning to one side or the other". Although policies with idealistic understones have surfaced periodically in Thailand, they have been short-lived; on many occasions they were responses to changes in the distribution of power or a means of achieving tactical flexibility. More generally, the Thai emphasis

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has been on power and securing a favourable environment through balance of power arrangements in which preponderant power is organized on the side of Thailand.[17]

Concepts like ZOPFAN which call for long-term structural reform, in the Thai view, are the luxury of states that are not confronted with immediate threats to their security. The disappearance of the Soviet-backed Vietnamese threat does not appear to have altered this approach. Keeping with the traditional shrewdness in recognizing and responding to shifts in the power equation in the Pacific, Thai premier Chatichai Choonhavan in May 1990 called for joint exercises between Japanese and Thai naval forces in the South China Sea to enhance regional security in the event that the American forces withdraw from the Philippines. At the same time, Thai security relations with the United States and China have not been terminated. Thailand has supported the continuation of the American presence in the Philippines and has also not objected to the provision of military facilities by Singapore to the United States.[18]

Like Thailand, Singapore believes that major powers cannot be wished away from the region. Rather than submit to the preponderant influence of one or two major powers, especially if they are hostile, Singapore favours a "balance of presence" situation. Consequently, it has been a firm advocate of continued American military presence in the Philippines. In August 1989 it offered to permit increased American use of military facilities in Singapore to make it easier (by sharing the political and military burden) for the Philippines to continue hosting the American military facilities.[19] The Americans accepted this offer and a "status of forces" agreement was signed in Tokyo on 13 November 1990.[20]

Singapore's offer is also related to its immediate security concerns in relation to its two Malay-Muslim neighbours and has an economic dimension as well. While the exclusion of external powers may enhance the security of the larger states in the region, it does little to ameliorate and may even aggravate the security of the small states by placing them at the mercy of the larger regional states. In the light of Singapore's stormy relations with Indonesia and Malaysia in the past, and continuing friction in relations with Malaysia, it is not enthusiastic about ridding the region of friendly external powers. Furthermore, as a "global city", Singapore wants to be able to conduct its international economic relations with minimum or no political and economic inhibitions, and it would like all major economic actors to have unfettered access to the region. Japan and the United States, in Singapore's view, will continue to be the dominant economic powers for the foreseeable future. Continued American military presence will contribute to the confidence of these two countries in the region and will also prevent a Japanese military role in Southeast Asia.

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Cambodia, another small state in the region, during the period when Sihanouk was at the helm, looked to an extra-regional power, China, to restrain its two immediate neighbours.[21] Both the Khmer Rouge and the Coalition Government of Democratic Kampuchea continue to rely on Chinese support to dislodge the Vietnamese-installed government in Phnom Penh. Similarly, Brunei views its bilateral defence agreement with the United Kingdom as critical for its internal and external security.

The Philippine attitude towards the neutrality component is heavily conditioned by the ongoing negotiations over the future of the American military presence on its soil. For those who advocate immediate termination of the American military presence, ZOPFAN (neutrality) is additional ammunition. The predominant view in the government appears to be that as the American military presence is phased out, ZOPFAN (neutrality) should be phased in.

Even Vietnam has not been in favour of the exclusion of foreign military presence from the region. Since 1978, alliance with the Soviet Union has been the cornerstone of Vietnam's foreign policy. Soviet military presence was perceived as ensuring firm Soviet commitment to the security of Vietnam against the threat from China, and Soviet support for Vietnamese objectives in Indochina. Hence, Hanoi has advanced the viewpoint that foreign military presence need not be viewed as an obstacle to the realization of ZOPFAN. The Soviet policy to terminate its presence in Vietnam is not due to any Vietnamese request or demand but is in keeping with the current Soviet approach to international politics and its economic circumstances.

Differences in geopolitical circumstances and the fear of small states of their larger neighbours, both of which are structural in character, stand in the way of harmonizing the viewpoints of the regional states on the issue of relations with external powers. Many states continue to value security arrangements with major powers. They have, therefore, not been prepared to accept limitations on their right to collective self-defence provided for in the U.N. Charter but which would appear to be necessary if the objective of neutrality is pursued in earnest. Strict application of impartiality would undermine security arrangements with external actors, which, to be effective, would have to be based on mutual concerns and obligations, physical presence, joint training, and so forth. Thus, the demands of collective self-defence and the goal of neutrality appear incompatible and can pose a difficult choice for the regional states.

Assumption Three: Southeast Asia can be Isolated from the Broader International System

This assumption rests on another assumption that a zone of neutrality

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would be in the interest of the major powers, which would, therefore, be positively disposed towards the proposal. Experience over the last two decades indicates otherwise. While China and the Soviet Union have come around to supporting a neutral Southeast Asia, the United States continues to be opposed. Japan also appears to be leaning towards the American position. Calculations of possible gains and losses and not the goal of promoting peace and security in Southeast Asia have been key determinants of the positions taken by these countries.

In the mid- to late 1970s, along with the change in its attitude towards ASEAN, Beijing endorsed the ZOPFAN proposal. It has since also supported the proposal to establish a nuclear weapons-free zone in Southeast Asia. Chinese support for ZOPFAN and SEANWFZ can be traced to four reasons. First, Beijing viewed ASEAN, the sponsor of ZOPFAN, as a valuable political and diplomatic organization to counter Vietnamese and Soviet ambitions in the region. Secondly, it realized that ZOPFAN would exclude the United States and the Soviet Union but would not affect its own presence and influence in the region because of its physical proximity. Thirdly, support for ZOPFAN enhances China's claim to a strictly independent foreign policy and its identification with and image in the developing world. Finally, it is consistent with the long-standing Chinese policy of preventing hostile coalitions on its southern flank.

The Soviet Union, like China, also came around to view the ZOPFAN proposal sympathetically. In the early 1970s a neutral Southeast Asia was viewed as preferable to a pro-Western one and the element of recognition in the proposal would have given the Soviet Union a legitimate role in the region. Soviet attempts to incorporate ZOPFAN into the Brezhnev proposal for an Asian collective security system proposal were, however, not successful. Subsequent Soviet actions, such as support for the Vietnamese invasion of Cambodia and acquisition of military facilities in Cam Ranh Bay and Da Nang, were in contradiction of its support for ZOPFAN. The Soviet attitude towards ASEAN and ZOPFAN has become much more positive under Mikhail Gorbachev. Although there may still be a tactical element of embarrassing and constraining the American military presence in the region, Moscow's support for ZOPFAN and SEANWFZ is in keeping with the "new thinking" in Soviet foreign policy and the dire economic circumstances of that country.[22] Moscow is on record as stating that Soviet military presence in Vietnam will be terminated by 1992.

The United States has all along been opposed to ZOPFAN and more recently indicated quite firmly to the ASEAN countries that it would not support the SEANWFZ proposal.[23] In the 1950s and 1960s the United States viewed "neutrality" in the global ideological conflict as immoral. In the 1970s uppermost in American considerations was the loss the United States

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would incur through the implementation of ZOPFAN. It had treaties with the Philippines, South Vietnam, and Thailand and had very large bases in two of these countries. Malaysia and Singapore were members of the Five-Power Defence Arrangements. All this would be jeopardized and China and the Soviet Union would be allowed legitimate entry into Southeast Asia. Recent American opposition to the SEANWFZ proposal would also appear to be grounded in similar considerations.[24] Washington perceives the creation of SEANWFZ as undermining its global deterrence posture and as likely to have unequal effects on the United States and the Soviet Union, favouring the latter at the expense of the former. It has also been concerned with the growing number of proposals for nuclear-free zones in the "Free World" that are unmatched in the Soviet bloc.

The ending of the cold war may make for changes in American policy towards zones of peace and nuclear-free zones in general, and specifically towards ZOPFAN. Until now, however, the United States has not been forthcoming in the area of arms control, and confidence and security building measures (CSBMs) in the Pacific region, where it clearly is in a superior position. Furthermore, it is likely that the American military presence in the Philippines will continue at least until the end of the century although it is likely to be subject to a gradual phase down and eventual termination.

Publicly, Tokyo has been rather non-committal on the ZOPFAN proposal. Japan relies on the United States to protect its security interests in Southeast Asia and has, therefore, supported the continuation of the American military facilities in the Philippines. It views the SEANWFZ proposal as idealistic and as having the potential to negatively affect the American presence in the Philippines. However, its own peace constitution, anti-nuclear policies and sensitivity to ASEAN concerns have made it difficult for Japan to take a high profile on the ZOPFAN and SEANWFZ proposals.

Notwithstanding the differing positions of the key external actors, it is a fact that major power military presence and competition in Southeast Asia are on the decline. The two main rationales that underscored competition and conflict in the last four decades — containment of China and the global ideological-cum-strategic competition — are no longer relevant. With the end of the cold war and the Sino–Soviet conflict, the strategic significance of Southeast Asia for the Soviet Union and the United States has declined.

The Soviet Union, no longer in a position to compete with the United States or China, is in the process of reducing and/or retracting its military presence and security commitments in the region. By 1992 the Soviet Union does not expect to have any military deployment in Asia outside its borders. Soviet naval deployment in the Indian Ocean and the South

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China Sea have already been scaled back substantially. Moscow's present political role in the region issues from its leverage over Vietnam and the consequent potential to contribute to an international settlement of the Cambodian conflict. With the cut-back in Soviet military and economic assistance to Vietnam, the leverage will decline further. Once there is an international settlement of the Cambodian conflict, the Soviet role in the region will become perfunctory. A politically and economically vibrant Soviet Union or Russia may re-emerge as a key player in the region, but this is a likely prospect only in the next century.

While the strategic significance of Southeast Asia continues to decline in the American agenda, unlike the Soviet Union, the United States continues to have considerable economic and political interests in the region. Washington is currently negotiating with Manila to continue its military presence in the Philippines beyond September 1991 and has acquired modest but symbolically important military facilities in Singapore. There is the possibility that it may also acquire access to modest facilities in Brunei. The new American rationale for continuing forward deployment and a military-security role in the Asian–Pacific region, including Southeast Asia, emphasizes regional conflicts and the maintenance of stability in the region. Notwithstanding this new rationale, the political and economic realities in the United States suggest a reduction in American forward deployment and security commitments in the Pacific region, including Southeast Asia. This reduction, already under way, is likely to be modest and gradual but more than that presently planned for.[25] The United States, in spite of the massive deployment in the Middle East in response to the Iraqi invasion, is unlikely to become physically involved in any substantial way in conflicts in Southeast Asia. At most, it is likely to provide logistics, air and naval support.

As mainland Southeast Asia is part of China's security environment, the strategic significance of the region for Beijing remains unaltered, although the termination of the containment policies, first of the United States and later the Soviet Union, minimizes, if not removes, the security threat on its southern flank. With the removal of the American and Soviet threats, China will have a "freer" hand and will be at liberty to address its relations with countries in Southeast Asia unencumbered by other considerations. If its present orientation continues, Beijing is unlikely to follow an aggressive policy in the region. Although there are a number of tension-laden issues, like the conflicting territorial claims in the South China Sea, the traditional suspicion in several Southeast Asian countries of their ethnic Chinese minority communities, and the potential for economic competition, it is likely that Beijing will seek to resolve or allay these concerns through peaceful means. It has pledged to resolve the conflicting

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claims in the Spratlys through negotiations, facilitated the ending of the communist insurgency in Malaysia, upgraded its relations with Laos, established diplomatic relations with Indonesia and Singapore, and is in the process of normalizing relations with Vietnam. It is in China's interest to see a peaceful Southeast Asia with which it can engage in mutually beneficial economic relations.

The high probability of domestic instability in China, however, makes it a relatively wild card in an otherwise sanguine picture. This, coupled with the enormity of its size and physical proximity, the reduction in the presence and role of the Soviets and the Americans, and Chinese aspirations to great power status suggests that countries in the region would have to accord particular attention to relations with China. A combination of several approaches including good bilateral relations with China, collective political and economic dialogue, co-ordinated policies and, where possible, collective action in political and security matters involving China, and the balancing of China with the power of other external actors to the extent possible may have to be considered.

Japan has not played a military–security role in Southeast Asia in the post-World War II period. Deep aversion in its body politic to militarism and Japanese sensitivity to the concerns of Southeast Asian countries, China and the two Koreas have prevented and are likely to continue to prevent Japan from developing an international military role in the foreseeable future, barring unforeseen circumstances like a rupture in U.S.–Japan relations. Tokyo has relied and will continue to rely on Washington to protect its security interests in the region. Its concerns centre on safety of nagivation and unhampered access to the markets and raw materials in the region. While an abrupt and total American withdrawal from the Philippines would make for apprehension in Tokyo, it is uncertain and quite unlikely that this will precipitate a Japanese military–security role in Southeast Asia, especially as the Soviet Union is in the process of withdrawing from Vietnam. Only in the event of disruption of the vital water-ways, which appears rather unlikely, would Japan contemplate a security role.[26] Even then, this is likely only in collaboration with the United States and the ASEAN coastal states, and any Japanese security role would be contingent upon domestic political support in that country.

The current aversion to a military–security role does not apply to Tokyo's search for an increased international political role. The "International Cooperation Initiative" launched by Noburo Takeshita in 1988 was intended to demonstrate and facilitate a more active Japanese role in the resolution of international conflicts. In the context of this initiative, Tokyo together with Bangkok co-sponsored the talks among the four Cambodian factions in June 1990 and has indicated its willingness to make a substantial

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contribution towards the expenses of the peace-keeping operations in Cambodia. Tokyo may also seek to use the leverage issuing from its predominant economic position to advance its national interests in the region in competition with other extra-regional actors. There is already a degree of economic competition between the United States and Japan in the region, in which political influence is becoming a factor. Such competition could increase. More generally, Southeast Asia would be deeply affected by economic conflict between the United States and Japan as these two countries would continue to be the two leading economic partners of the states in the region. In the political–military field, however, Japan is unlikely to become a direct player, unless of course it begins to chart an independent international role.

The declining political–military competition among the major powers is accompanied by their reluctance to become involved in local conflicts, reduction of existing security commitments, and co-operation to resolve the Cambodian conflict. Greater emphasis is being placed on political, diplomatic and economic instruments, but military power and security arrangements, while receding to the background, have not become irrelevant. The point must be made here that immutable facts such as that Southeast Asia is part of China's security environment, that it encompasses vital waterways, and its growing economic significance and integration into the Western Pacific and world economies make it highly unlikely that it can be permanently insulated from the pressures of the broader international system. While major power interest and competition may wax and wane, they cannot be completely eliminated from the region.

There is the possibility of increased competition at sea in the Western Pacific including Southeast Asia. The United States would continue to maintain a substantial maritime presence, China is giving priority to the development of its naval capability to protect its interests in the East and South China Seas, Japan already has a substantial maritime self-defence force, and several of the ASEAN countries are in the process of beefing up their naval capabilities to protect their exclusive economic zones. However, for the foreseeable future only Japan and the United States have the necessary ingredients to engage in a substantial competition at sea. Thus, only if Japan has to assume increasing responsibility for its defence and for the security of the sea lanes in the region, would this maritime competition become intense and tension-ridden.

It is possible to argue that the present low point in major military presence and competition is conducive to the realization of ZOPFAN (neutrality), but this reasoning misses a crucial point. The ongoing decline in major power competition is a product of their larger priorities and policies which have little to do with the goal of promoting peace in Southeast

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Asia. In other words, major power co-operation and competition waxes and wanes under its own dynamics. Given appropriate circumstances, like a rupture in U.S.–Japan relations, it can re-escalate. Countries in the region have little or no control over this dynamic, especially at sea. Thus, while the evolving conditions may appear favourable, there is no guarantee that it will remain so and can be permanently locked in this situation.

Furthermore, the concept of neutrality appears irrelevant to a situation of relative peace. Questions such as neutrality between whom, why, and how, cannot be answered satisfactorily. Neutrality as defined in the blueprint is essentially a geopolitical construct in response to the cold war situation. With the ending of the cold war and the emergence of uni-polarity or multi-polarity (depending upon the criteria employed and the time-span under consideration) the concept of neutrality becomes meaningless. The growing inter-penetration of political, economic and security matters imply that state behaviour to-day is governed by several interlocking dynamics, making it exceedingly difficult, if not impossible, to be strictly impartial or to follow one specific orientation across the board as required by the neutrality component of ZOPFAN. Hence, concepts/policies like neutrality, non-alignment, equidistance, isolation and insulation, which are essentially geopolitical in nature, appear to have outlived their usefulness in an increasingly interdependent world. Thus, neutrality when relevant was not feasible, and when it is beginning to appear feasible it is no longer relevant.

The above discussion suggests that the assumptions underlying the neutrality component of ZOPFAN are not well founded. While external interventions have had negative consequences, they have not been without positive effect. This accounts for the continued attachment of many regional states to security arrangements with external powers. It should also be observed here that concurrent with the rapid decline in major power competition and the absolute/relative decline in their economic position, the interest of the major powers in underwriting the security of regional states is also on the decline. In response to this, regional states are beginning to emphasize self-reliance in matters of defence, which carries with it the risk of an "arms race" in the region, diverting valuable resources away from more pressing socio-economic needs. There have also been calls for greater defence co-operation among the ASEAN countries.[27] Under these conditions there appears to be little value in forcing the issues of foreign military presence and security arrangements with external actors, which are unmistakably on the decline. In fact, an abrupt termination of present arrangements could be destabilizing for the region.

The strategic location and growing economic significance of the region also suggest that Southeast Asia cannot be isolated from the dynamics of the larger international system, especially that of the Asian–Pacific region.

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Thus, the policy problem is not how to exclude the major powers from the region but how to minimize the negative consequences while preserving the positive aspects, that is, how to engage them constructively. Although the latter formulation may appear as difficult or as Utopian as the former, it does suggest a different approach to the problem of "correct" relations with the external powers. *In this new approach the emphasis will shift from neutrality to maintaining stability and predictability, and to the promotion of regional measures designed to reduce and/or cope with threats to national security.* Regional states would be allowed flexibility in their relations with external actors. As they become less vulnerable and consequently more secure, their reliance on security arrangements with external powers can be expected to decline as a matter of fact. This does not imply that there should be no attempt to "smooth the rough edges" of major power rivalry and intervention in the region. Only that it must be done without curbing the fundamental rights and interests of regional states and the major powers. One way to approach this issue would be through the institution of a Southeast Asian Forum on peace and security which can also provide a vehicle for dialogue between regional states and the major powers, not unlike the present six-plus-five ASEAN meeting with its dialogue partners. The primary goals of this Forum would be the discussion of measures to prevent aggression and hegemony, and the promotion of confidence and security-building measures with a view to enhancing predictability and stability in Southeast Asia. The current favourable circumstances suggest that the timing may be opportune now or in the near future to engage all the major powers in a constructive dialogue to enhance peace and security in the region.

The basis for future relations with the major powers must also transcend the purely geopolitical considerations underlying ZOPFAN to encompass the present more fundamental concerns of the Southeast Asian states with economic growth and development. Success in this area can make a significant contribution to the management of the numerous domestic conflicts that would continue to confront many of these states for a long time to come regardless of the favourable international environment. Global trends, such as the rise of ethnicity and religious factors, may even aggravate some of these domestic conflicts. "Common prosperity" and the potential of extra-regional actors to contribute to this goal should figure prominently in the formulation of regional policy towards extra-regional actors. For the foreseeable future Japan, the United States and the European Economic Community would continue to be the key economic partners of the Southeast Asian countries. Consequently, their interests in and outside the region would have to be accorded due consideration. All these actors, in the lexicon of the cold war, are "Western" countries. Thus, treating all major powers

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as "equal value commodities" is an impractical proposition. It is also not practical to attempt to separate economics from politics and security.

Focus on economic growth and development also requires the countries in the region to adopt a broader world-view than that contained in ZOPFAN. Apart from the impracticality of isolating the region, countries in the region must, individually and collectively, participate actively in the processes at work in the Asian–Pacific and global levels to steer them in a beneficial direction. Economic security is better insured through active participation in the conflictual and co-operative relations at these levels than by staying aloof or remaining impartial.

Peace Through Rule of Law

The 1976 Treaty of Amity and Co-operation established the principles to which inter-state behaviour in the region must conform. It emphasizes respect for political independence and territorial integrity, non-interference in domestic affairs and renunciation of the threat or use of force in inter-state relations as cardinal rules. It also states that member states should prevent disputes from arising, failing which they are to enter into friendly negotiations to resolve them. Should this be unsuccessful, the High Council constituted by the contracting parties shall recommend good offices, mediation, inquiry or conciliation as a means of settlement, but *only if all parties to the dispute agree* (emphasis added). The other contracting parties, however, have the right, notwithstanding the agreement of all parties to the dispute, to offer all possible assistance to settle the said dispute. Parties to the dispute are required to be favourably disposed to such offers of assistance. Member states are also encouraged to exhaust the provisions of the Treaty before seeking recourse to the means outlined in Article 33(1) of the U.N. Charter.

At the normative level, the arrangements for pacific settlement of disputes suffer from four shortcomings. First, there is a lack of compulsion in requiring contracting parties to use the pacific settlement provisions to resolve outstanding disputes. Even the minimal provision that would allow the High Council to take note of the existence of a dispute or situation likely to disturb regional peace and security, and to recommend appropriate means of settlement in the event of failure to resolve the dispute through direct negotiations, is made subject to the agreement of all parties to the dispute. Apparently, Malaysia's concern that it may be forced to submit the Philippines' claim to Sabah to international arbitration or judicial settlement was a major consideration in the exclusion of these two procedures and making "consent of all parties" a prerequisite for the utilization of the pacific settlement provisions. This qualification

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raises doubts about the seriousness of commitment of the contracting parties to regional arrangements.

It is only logical to expect states to assume a higher degree of obligation in respect to regional arrangements compared to global arrangements like those contained in the U.N. Charter. Otherwise, the rationale for separate regional arrangements and the quest for primacy of these arrangements in the resolution of regional disputes have no meaning. The Charter of the Organisation of American States (OAS), for example, requires that "no dispute between American states shall fail of definitive settlement within a reasonable period of time". In fulfilment of this requirement, the American states, in the event that disputes cannot be solved through direct negotiations, "bind themselves to use the procedures established in the present Treaty".[28] Even the provisions for the pacific settlement of disputes in the U.N. Charter have greater force because of their link to the power and role of the Security Council. The latter has the power, if it judges any dispute as endangering international peace and security, to recommend appropriate means of adjustment irrespective of the consent of the parties involved, or, if it deems fit, to act using the powers at its disposal under Chapter Seven.

While the qualifications made by several American states in relation to the Pact of Bogota and the paralysis of the U.N. Security Council until now may be cited as evidence to support the argument against greater compulsion in the application of the measures for the pacific settlement of disputes, the same, however, must also be viewed as evidence of the limits placed on regional arrangements. In other words, goals and aspirations for regional arrangements must be tempered by political will and commitment on the part of all or most of the countries in the region.

The second shortcoming of the pacific settlement arrangements is their failure to address the role of force in conflict prevention and resolution, and more generally, the disregard of the management of power in a regional context. In the event of violation by a zonal state, the ZOPFAN blueprint calls for consultation among the zone states, bilateral and multilateral negotiations, employment of pacific settlement procedures and other measures consistent with the U.N. Charter. In the case of violation by an external actor, in addition to the measures stated above, the blueprint also provides for appeal to the United Nations by the zonal states. These provisions would appear to be inadequate for a region that has been engulfed by conflicts for the last four decades and in which the prospects for future conflicts have not been completely eliminated. What would happen if Vietnam and/or Thailand were to intervene in Cambodia? What if a new Cambodian government were to launch an invasion into Vietnam? What if Malaysia were to intervene in southern Thailand or southern

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Philippines, or Brunei, or Singapore? What if Indonesia were to intervene in Papua New Guinea, or Singapore? What if hostilities break out in the South China Sea? What if Sino-Vietnamese hostilities break out? ZOPFAN as elaborated thus far would be incapable of dealing with such situations. Although it may be argued that the region is moving towards greater stability and that the probability of such aggressive act is low, it would be foolhardy to devise long-term regional arrangements based on the assumption that aggression will not occur. The Iraqi invasion of Kuwait, regardless of the peculiar circumstances, underlines the vulnerability of small states. This cannot but influence the approach to the national security of states like Brunei, Singapore, Cambodia and Laos.

There is thus a need to build into ZOPFAN the threat of collective political, economic and military sanctions to dissuade states from resorting to non-diplomatic means in the pursuit of their interests and for the application of these sanctions in the event of a transgression. Merely to urge states to renounce the use of force without giving sufficient teeth to the dispute resolution mechanism and not instituting arrangements for the collective management of power makes ZOPFAN vulnerable to the criticism of being a Utopian "fair weather system".

However, any attempt to incorporate the threat and use of collective sanctions into ZOPFAN runs into a number of problems. First, there is the constitutional problem that any action that may be labelled as enforcement has to be authorized by the U.N. Security Council. This may be overcome, as has been done in the OAS Charter, by making aggression against one state an aggression against all and by relying on the collective self-defence provision in the U.N. Charter. To be effective, however, such arrangements require a high degree of harmony in the political and security interests of all states in the region. There is no evidence to suggest that this is the case now or will be the case in the foreseeable future. Secondly, even assuming such harmony, there is the problem of adequate resources to deal with such situations. If the zonal aggressor is a major state like Vietnam or Indonesia, the resources of the other regional states, even if they were all to act in concert, would be inadequate. Similarly, if the external aggressor is a state like China, once again the resources of the region would be inadequate. Thus, collective military action would appear to be beyond the scope of regional states but not collective political, diplomatic and possibly even economic actions as demonstrated by ASEAN's collective action on the Cambodian issue.

Thus, in the event of a transgression, regional arrangements would have to be supplemented by other international arrangements. Presumably, with this in view, the ZOPFAN blueprint makes provision for appeal to the United Nations. However, until quite recently, reliance on the security

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role of the United Nations to supplement regional arrangements was futile. Even in the post-cold war era, despite the apparent commitment of the major powers to the U.N. security role, there are numerous difficulties standing in the way of an effective U.N. collective security military role.

For example, although the current deployment of maritime and land forces in the Persian Gulf is justified as being authorized by the U.N. Security Council resolutions, these forces are still under national control. Furthermore, these forces are primarily from the Western countries and their deployment and engagement in hostilities run the risk of being labelled imperialist or anti-Arab/Islam. China and the USSR have, in different ways, qualified their support for the relevant U.N. resolutions which are deemed to authorize the use of force. The point is that a fully integrated U.N. force is not yet in prospect. Even if such a force can be created, it is unclear whether the United Nations can act quickly in all cases, especially if the aggression is limited or indirect, or where the aggressor and aggressee are not easily determined. Thus, appeal to the United Nations, while certainly an option and possibly the only one that is politically acceptable to many states, has severe limitations. Furthermore, once the matter is referred to the United Nations, national and regional control becomes much more difficult, and U.N. action may not be what is desired. In view of these limitations, regional arrangements must not attempt to restrict the right of states to individual and collective self-defence.

This leads to the third shortcoming and a more general criticism of ZOPFAN, which is its failure to address the national security problem directly. In essence, ZOPFAN belongs to the idealist school. It takes a holistic approach focusing on the existence of conflicts and the application of force in their resolution as the primary problems. Consequently, the emphasis in the ZOPFAN blueprint, as pointed out earlier, is on setting standards for state behaviour, in detailing procedures for the pacific settlement of disputes and in eliminating the role of force in inter-state relations. This approach assumes that all states have a common interest and equal stake in regional peace, thus positing harmony between the common good (regional peace) and individual good (national security). Lasting peace in the region is presumed to resolve the national security problems of individual states. In this "security through peace approach" there is no requirement to address the national security problem directly. Hence, the passing reference to the right of individual collective self-defence in the ZOPFAN blueprint and the attempt to limit these rights in pursuit of the "peace through neutrality" approach.

It is necessary to point out that an identity of interests has not been the case thus far in Southeast Asia and it is uncertain that such an identity can be forged in the foreseeable future. In the past, the status quo in the

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region was challenged by Marxist–Leninist groups which, with the assistance of the Soviet Union, China and Vietnam, sought to overthrow existing governments in nearly all the non-communist states in the region. In the post-1975 period, the status quo appeared unsatisfactory to Vietnam which sought a predominant position among the Southeast Asian socialist states. The collapse of the communist insurgencies in all the non-communist states except the Philippines, the impending emergence of an independent, neutral and non-socialist Cambodia, and the economic liberalization in Vietnam and Laos may suggest an identity of interest in the making. Even if this were to transpire, it is by no means certain that all groups and states will have a common interest in preserving the status quo. In other words, there is no "nirvana" in international politics. Forces for change issuing from dissatisfaction and perceptions of inequity, in whatever form, are ever present. There are also numerous unresolved ideological, territorial and ethnic conflicts in the region, many of which have their origins in the state formation process, which is still in an infant phase in the region. These conflicts and the external security concerns of states issuing from historical and geopolitical considerations defy quick or complete resolution. It is also highly improbable that these issues can be resolved through peaceful change. Under these conditions, regional arrangements must address the problems of national security and regional peace simultaneously and in their own right, notwithstanding the complications they may present, if such arrangements are to gain the confidence and support of all states.

The fourth shortcoming, which is also a general criticism of ZOPFAN, is the failure to address the issue of domestic conflicts which in the past had posed and will continue to pose the more critical threats to the national security of many Southeast Asian states, with negative consequences for regional peace and stability. While the problem is duly recognized, for example, in concepts like "national resilience" and its link to "regional resilience", it is made almost exclusively the responsibility of the state concerned. Because of the high value attached to the principles of political independence, national sovereignty, and non-interference in domestic affairs, the emphasis in the proposed arrangements is on preventing external interference in domestic conflicts. The role of regional arrangements is limited to ensuring the right and freedom of member states to deal with domestic problems in whatever manner they deem fit. By facilitating a conducive environment, regional arrangements may also contribute to the economic development of member states.

While recognizing the merits of this approach, its limitation should also be noted. Under extraordinary circumstances, such as when a member country is in danger of imminent collapse, or a civil war of unmanageable

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proportions has broken out, or genocide is being committed, blind adherence to international norms may be dangerous to regional peace and stability. The ASEAN countries and the world community turned a blind eye to the genocide in Cambodia during the 1976–78 period. The Vietnamese used the genocide and the terror it created in Cambodia as a pretext and opportunity for invading that country. In 1985–86, when the Philippines was in serious political turmoil, the ASEAN collective, abiding by the principles stated earlier, implicitly advocated a cordon sanitaire to allow the Filipinos to resolve their problems. Only in February 1986 did ASEAN issue a collective statement, and even then it was only a call to the Filipino leaders to peacefully resolve their differences. It was left to the United States, an extra-regional power, to play a key role in the transfer of political power in that country. While the United States certainly had greater influence and capacity, inaction by the ASEAN countries was demonstrative of the weakness/inability to deal with a critical situation, which, had it degenerated into a civil war, could have had serious consequences for ASEAN as an institution and for the region. Again in 1989 the Aquino administration had to appeal to Washington for help in the face of a challenge from right-wing forces. Since 1988 Burma has been experiencing grave political problems, with the military government not only refusing to transfer political power but also severely repressing elected leaders and their supporters. Here again, the ASEAN countries have refrained from condemnation of the repressive actions because of the principle of non-interference in domestic affairs. Several have, in fact, chosen to strengthen the military government through economic deals and political support, arguing that only through such measures can the military government be made to behave in a more responsible way.

There is undue emphasis in the idea of ZOPFAN on the rights of the state to the detriment of the rights of the individual and minority groups. For example, the definition of freedom, which arrogates to the state the right to dispose of domestic problems in whatever manner it deems fit, makes no reference to the protection of even the basic rights and liberties of individuals and minority groups. Firm adherence to the principle of non-interference releases states from the burden of international scrutiny, thus permitting oppression by the state of the very people it is supposed to protect. This is another major shortcoming of the ZOPFAN proposal as it stands. A fuller discussion of this shortcoming would take us too far afield.

Unless the regional countries can take note and act collectively in situations of domestic conflict, the way would be left open for extra-regional actors to seize the initiative and pursue the matter in their own interests. Action through regional arrangements does not necessarily imply

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physical intervention. It could be in the form of political and/or economic pressure, or more generally, setting the stage for international action. Although the determination of extraordinary circumstances and appropriate means are difficult and sensitive issues, especially in a fledgling and hyper-sensitive region, total disregard of the problem of domestic conflicts undermines the seriousness and value of regional arrangements. The issue is raised here merely to indicate the limits of regional arrangements in dealing with an area of critical concern.

Thus far, it has not been possible for governments in the region to call upon neighbouring states or regional organizations to assist in dealing with domestic problems and/or they did not feel comfortable enough to do so. When necessary, they appear to have been more confident in relying upon extra-regional powers to help out in such situations. This not only highlights the weakness of regional arrangements but also the continued role for extra-regional actors in this critical area.

We now turn our attention to review the success attained in the application of the "rule of law" approach as outlined in the 1976 Treaty.[29] By and large, the ASEAN countries, which as of now are the only contracting parties, have conformed to the norms of the Treaty. Although bilateral relations (Singapore–Malaysia, Malaysia–Philippines) have not been free of tension, the use of force has not been contemplated as an option. The ASEAN countries have also quite strictly respected the political independence and territorial integrity, and refrained from interfering in the domestic affairs of other member states. Malaysia and Indonesia, for example, have approached the issue of the minority Muslim communities in southern Thailand and southern Philippines as the domestic problems of these countries. They have not only refrained from assisting the minority movements but have also advocated respect for the territorial integrity of these two states in the Organisation of Islamic Conference (OIC). The ASEAN states have also refrained from involvement in the domestic crises that continue to plague the Philippines.

In their relations with other Southeast Asian countries, the ASEAN states have stressed the importance and sanctity of these principles. For example, these principles formed the basis for the condemnation of the Vietnamese invasion of Cambodia, the mobilization of international support and the development of a framework for the resolution of the Cambodian conflict. The ASEAN theme has been that aggression should not pay. With the Vietnamese withdrawal from Cambodia and an international settlement that paves the way for a neutral, non-aligned and independent Cambodia, the norms contained in the 1976 Treaty may be viewed as having become more established in the region. On the debit side, however, is the use of force by Indonesia in the annexation of East Timor and the

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acquiescence for this action by the other members in the interest of ASEAN solidarity.

The ASEAN record in the pacific settlement of disputes is less impressive, even disappointing. The bilateral disputes among the ASEAN countries remain unresolved, with new disputes issuing primarily from overlapping claims of exclusive economic zones being added to the list. The Philippine's claim to Sabah, one of the most prominent intra-ASEAN disputes, which disputed the functioning of the Association in its early years, came near to resolution before the Third ASEAN Summit in December 1987. Domestic complications in the Philippines, however, prevented this from happening. The preference in the ASEAN countries has been for bilateral negotiations so as to retain maximum national control over the issue in concern. Good offices and conciliation have been used on a number of occasions (for example, in 1987 Indonesia played such a role between Singapore and Malaysia after the visit of the Israeli President Chaim Herzog to Singapore) but primarily for defusion of tension and not for conflict resolution. There is great reluctance on the part of the ASEAN states to opt for third-party mediation in the resolution of disputes. Hence, the pacific settlement provisions remain unused for the most part. Even the constitution of the High Council has been held back. The belief in official circles is that resort to these provisions would be domestically unacceptable in many countries, and would also strain ASEAN solidarity. The preference, therefore, has been to keep issues under wraps. Success is measured not by whether the dispute has been resolved but whether it has been prevented from "rocking the ASEAN boat". While conflict avoidance is important, it is no substitute for conflict resolution.

What are the prospects for making the 1976 Treaty applicable to all of Southeast Asia? In formal terms, once there is an international settlement of the Cambodian conflict, the way should be open for the Indochina countries to accede to the Treaty. This has been the position of several ASEAN states. Vietnam and Laos have also indicated their desire to do so. It would appear to be in their interest to accede to the Treaty. Accession, however, need not imply strict adherence to the Treaty principles. Even Thai conformity to the Treaty provisions could become suspect. This doubt stems not from any suspicion of malintent on their part, but from the fact that the continuing instability in Cambodia may force these countries to interfere or intervene to safeguard their national interests. In the case of Burma, although the military government has been moving closer to the other Southeast Asian countries, and the ASEAN states are positively disposed, it is unclear whether Rangoon would accede to the Treaty in the near future. Furthermore, domestic instability in that country may also invite external interference and make conformity to the norms of the Treaty

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difficult. As for the application of the provisions relating to pacific settlement, the immediate prospects are not bright. If the ASEAN countries with similar political and economic orientations and with twenty years of co-operation behind them are not yet ready to submit to these provisions, it is unlikely that the other Southeast Asian countries with much less exposure to co-operative behaviour, and with quite different political and social systems, history and experience would be willing to submit to these procedures to resolve outstanding disputes.

Despite this pessimistic outlook in the short term, in the medium to long term the prospects could be brighter if the relationship between law and politics is properly understood.[30] The obligation to obey the law rests on something more than the law itself. It is a function of politics. Law can only exist in a political community. Similarly, international law is a function of the political community of nations. As this political community develops, international norms are likely to assume greater authority and in the process they are likely to reinforce each other. This has been the experience of ASEAN as well. The first ten years of the Association were a period of adjustment with many near collapses. Within the framework of sub-regional co-operation, with national interest and the pressure of an external threat as driving forces, ASEAN has grown as a political community and with it respect among its member states for the international norms has also grown. ASEAN may now be able to act as a critical mass in building a community of Southeast Asian nations, using regional co-operation as the vehicle. If this is successful, gradually the other Southeast Asian states may also be expected to value and respect the international norms contained in the 1976 Treaty.

Peace Through Regional Co-operation

The desire to promote peace through regional co-operation has found expression in almost all ASEAN documents. It is the substance of the second operative element in the 1971 Declaration and is amplified in the 1976 Treaty. Political, economic and socio-cultural co-operation, it is hoped, would assist in the development of mutual trust and confidence such that in the long term a sense of community can develop among the Southeast Asian states, in which the role of force will be minimized if not eliminated. Hence, regional co-operation encompassing all states in the region is an important thrust of ZOPFAN.

Although in practice, regional co-operation thus far has been confined to the non-communist ASEAN states, the results have been encouraging. Co-operation through ASEAN has enhanced the security and stability of the member countries in a number of ways. First, bilateral relations among

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member states, many of which were tension- and conflict-ridden in the mid-1960s, have been considerably strenghtened. The Association has been a significant factor in preventing the kind of fratricidal wars that have characterized the Indochina sub-region. Secondly, by containing the aspirations of the larger states within the framework and principles of the Association, ASEAN has enhanced the security of small states such as Brunei and Singapore. Emphasis on equality, coupled with political deference to larger states and with periodic demonstrations of independence in areas of core concern, have strengthened the international legitimacy of the smaller states. Thirdly, ASEAN has helped moderate interference in the domestic affairs of other states. This is critical in a region in which nearly all the states are experiencing domestic conflicts that have trans-national dimensions. Fourthly, ASEAN has helped to boost the domestic legitimacy of incumbent regimes as it did, for example, when the heads of government met in Manila for the Third Summit despite the grave concerns for their security.

It is undeniable that ASEAN has contributed to the creation of good-will, trust and confidence among its member states, thus facilitating the transformation of a sub-region of turmoil into a more stable and predictable one in which the role of force has been minimized, although not eliminated. Many observers have characterized ASEAN as a semi- or partially pluralistic security community. This growing stability has had a positive impact on economic development in the member countries. Apart from limiting the expenditure on "guns", the stable environment has facilitated the mobilization of domestic and international resources in the pursuit of economic growth and development, which has contributed to enhancing the domestic legitimacy of many of these states.

ASEAN has also been successful in managing its external economic relations. Exploiting its strengths (the dynamic nature of its economies, the growing size of its markets, and its geopolitical significance), ASEAN has been relatively successful in its dialogue relations with Japan and also other countries in resolving immediate problems relating to preferential access to markets and securing greater flow of capital, investment, developmental assistance and technology. ASEAN's cohesion, regional identity and growing international stature also enabled it to take effective collective political and diplomatic action on the issue of the Cambodian conflict. It played a leading diplomatic role in the advocacy and application of a multi-pronged strategy with the purpose of achieving a comprehensive political solution to the conflict.

Clearly, ASEAN has become an important force in international politics and, to a lesser degree, in the international economics of Southeast Asia, demonstrating that collective action by regional states, despite its

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limitations, is not without effect. The United States and Japan formulate their Southeast Asian policies with due regard to ASEAN. China and the Soviet Union have also recognized the significance of ASEAN and have adjusted their policies accordingly.

Peace in the region can take a major step forward if the other Southeast Asian states can also be brought into a co-operative framework to help build the goodwill and trust that have been so important to the success of ASEAN. This, however will not be easy. Vietnam and Laos are essentially Marxist–Leninist states, Cambodia notwithstanding an international settlement is likely to remain unstable, Burma is confronted with domestic political problems that appear unlikely to be resolved in the near future, and the economies of all three Indochinese states and Burma are at a subsistence level. Notwithstanding these and other limitations, there are some positive indications as well.

Greater stability is beginning to characterize the Indochina complex. Vietnamese–Thai rivalry has been subdued. There appear to have been significant changes in their respective goals and in their perception of each other. These changes are reflected in the improvement of their bilateral relations since mid-1988. The key fact is that Thailand has become much more confident of its domestic and international political, economic and security condition and is prepared, if need be, to accept a certain measure of Vietnamese influence in Laos and Cambodia. Vietnam, for its part, appears to have recognized that system dominance, especially with reduced Soviet support, is beyond its capacity and can be counter-productive to its security. Hence, Hanoi's goal in Indochina has shifted from a maximalist to a minimalist position. Concurrently, Laos has become a more stable political unit and its status as a buffer has been largely re-established. While continuing instability in Cambodia has the potential to undermine this emerging stability, it is unlikely to escalate to earlier proportions for a number of reasons.

There is growing interest in the Marxist countries in economic reform. This creates incentives for better relations with the market economies, including those in the region, to foster trade and to secure investment, aid, loans, technology and human resource expertise so vital to their economic development. To attract the necessary international support, these countries have to demonstrate continued good behaviour. Generally, this makes for a stake in maintaining a favourable international environment. Simultaneously, there is strong interest in Thailand in becoming the economic "hub" of the Indochina sub-region, as expressed in Chatichai's policy of "turning the Indochina battlefields into market places".

A further incentive for Vietnam to participate in regional co-operation lies in the fact that, faced with continuing reduction in Soviet support, it

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has to come to terms with its giant neighbour to the north. Better relations with its neighbours and active participation in regional co-operation could strenghthen its position *vis-á-vis* China.

These considerations and the fact that the ASEAN countries have indicated their desire to enter into co-operative relations with the Indochinese states after a settlement is reached in Cambodia suggests that regional co-operation can be expected to be high on the agenda in a post- Cambodian settlement scenario. In fact, Thailand's initiative and the bilateral exchanges that have been taking place between several ASEAN countries and Vietnam may be viewed as having already started the process. The questions now are: in what areas and in what form should regional co-operation be pursued.

Political and economic co-operation, and confidence and security-building measures all appear possible in different degrees. Political co-operation would have the goal of promoting harmony and stability in the region through regular contacts and consultations on regional and international matters to facilitate co-ordination of viewpoints and, where necessary and possible, actions and policies. In the early phase, the emphasis should be on consultation and the building of goodwill and trust among erstwhile adversaries and avoiding policies or programmes that may overload the system. The 1976 Treaty of Amity and Co-operation provides a suitable basis for commencing this process. While outlining the principles and procedures for inter-state relations, it does not advocate any specific policy programme, thus allowing latitude and flexibility in the development of political co-operation. While political co-operation can and should be pursued at the bilateral and sub-regional levels, especially within the Indochina complex, there is also a clear need for dialogue among all states at the regional level. A relatively loose region-wide forum (Southeast Asian Forum) would be adequate to serve this purpose.[31]

Although political co-operation itself is a confidence and security building measure (CSBM), other more specific CSBMs should also be explored to prevent the accidental outbreak and escalation of hostilities. These measures could include:

1. Regular consultations and exchanges among military chiefs and field commanders operating along or near the border areas. Such exchanges can help in clearing up misperceptions and developing rapport and networks that would be useful in the defusion of tensions;
2. Demilitarization or thinning out of troops and notification of exercises and troop movements in the border areas;
3. Joint border agreements to deal with piracy, smuggling, illegal movement of labour, and illegal fishing;
4. Combined training and exercises.

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These and other CSBMs, except perhaps those relating to consultations among senior military officers, are envisaged primarily at the bilateral level. The Spratlys, because of the many conflicting territorial claims, calls for multilateral CSBMs.

While economic growth and development would undoubtedly be the primary focus of all Southeast Asian states in the decade, the opportunities for economic co-operation encompassing *all* states in the region would appear to be limited. Even the ASEAN countries, with market oriented and relatively more developed economies, have not fared well in Association-wide economic co-operation. More focused efforts such as the proposal for a growth triangle encompassing Singapore, the state of Johor in Malaysia, and the Riau islands of Indonesia would appear to stand a better chance of succeeding. In this context, the Thai initiative to turn the Indochina battlefield into a market place may have some potential to develop closer economic relations among the mainland Southeast Asian countries, with Thailand as the leading economic power. However, the huge amount of resources required for the development of the Indochina countries are unlikely to be met from within the region. Capital-rich and technologically developed states such as Japan, the United States, the Western European countries, Taiwan, South Korea and Singapore are likely to become the primary actors in the economic development of these countries in the foreseeable future. As part of the idea of more focused sub-regional co-operation it may also be worthwhile to explore the potential for joint development in selected border areas and also in the Spratlys. Consequently, the emphasis in the area of economic co-operation should be on promoting bilateral and/or sub-regional economic relations based on economic rationale and the necessary political commitment.

At the same time that regional co-operation is being broadened, intra-ASEAN co-operation must be deepened to move it further along the road towards a pluralistic security community. This assumes even greater urgency, as the Cambodian conflict ceases to be the "glue" of the Association and as the international environment undergoes profound changes. Recognizing these developments, at their twenty-third meeting in July 1990, the ASEAN foreign ministers stated the need to strengthen the Association and to intensify intra-ASEAN co-operation. Studies have been initiated to recommend measures to deepen intra-ASEAN economic relations and to strengthen the ASEAN machinery. These studies are expected to be submitted to the Fourth ASEAN Summit meeting scheduled for late 1991. There has also to be greater political commitment on the part of members to make determined efforts to resolve outstanding bilateral disputes. Conflict resolution rather than conflict avoidance should become the goal. Serious efforts must be made to develop informal CSBMs already

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in place, like the golf meetings among the ASEAN military chiefs, and to institute new ones, especially at the bilateral level between Malaysia and Singapore, and Malaysia and the Philippines. ASEAN should also explore greater security co-operation among its members, though not necessarily leading to a multilateral security pact. Co-ordinated efforts in the South China Sea would be helpful in establishing an "ASEAN" presence and in steering developments in this disputed area. The Association should also consider new bilateral and multilateral agreements to develop mechanisms and procedures to resolve problems in the economic and environmental areas which are likely to become more frequent and significant in the coming decade.

Conclusion

Of the three components of ZOPFAN examined in this article, regional co-operation appears to have the greatest potential to promote peace in the region. By fostering the development of a community, it can contribute to the more effective application of the "rule of law" approach. The combination of regional co-operation and rule of law approaches may, in the medium to long term, ameliorate the national security problem and also reduce dependence on external powers. However, there are clear limits to this in a region where national sovereignty continues to be highly prized and states will not willingly submit to supranational authority. The best that can be expected is a condition of "mature anarchy" in which there would be a high level of respect for international norms and procedures but the threat or use of force in inter-state conduct is not totally precluded.[32] The near total reliance in ZOPFAN on regional peace/systemic security as the means to resolve the national security problem, therefore, needs to be tempered by the reality of an anarchical region and the imperatives operating at the level of the state. The latter and not the region/system will continue to be the effective constituency in deciding upon policy. Enlightened state policy, however, would have to be informed by systemic considerations if it is not to be self-defeating and counter-productive. Thus, a mix of idealism and realism would have to inform arrangements for the maintenance of order and security in the region.

The demands of neutrality as defined in ZOPFAN restrict the self-help element of regional states in promoting national security without significantly contributing to systemic security. The concept also appears irrelevant to the conditions of the post-cold war era and an increasingly interdependent world in which security is defined in comprehensive terms, with the economic dimension gaining in significance. Neutrality is no longer a useful policy proposition. The vision contained in ZOPFAN is

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of limited value in formulating arrangements for relations between the region and external actors in the coming decade. These would have to take into account the fact that Southeast Asian states and the region will undoubtedly be affected by global and Asian-Pacific trends, and also that local arrangements in and of themselves would be inadequate to deal with all situations.

In conclusion, the discussion in this article suggests that while regional arrangements can play an invaluable role in the promotion of regional peace and the enhancement of national security of the indigenous countries, there are also clear limits in terms of their role and effectiveness. They will have to be supplemented in important areas by extra-regional actors and arrangements. Arrangements for regional order and security in Southeast Asia in the coming decade would have to go beyond ZOPFAN and should, *inter alia*, include the following elements: political, security and economic co-operation at the sub-regional and regional levels; regional dispute settlement mechanisms and procedures in the political and economic arena; confidence and security-building measures; respect for the right of states to individual and collective self-defence; consultation and co-operation with key external powers; participation in Asian-Pacific and global multilateral arrangements; and linkage to the U.N. system of collective security. The building of a community of Southeast Asian states and the promotion of the political, economic and socio-cultural development of member states must form important components of these arrangements. This multi-layered approach would appear to have several advantages. It would allow states sufficient latitude in pursuit of policies to enhance their security and welfare while, at the same time, creating a regional environment that is more stable and predictable. It also does not run counter to global or broader regional trends. Regional arrangements should also be viewed as a process with no fixed time-frame rather than as an agreement to be realized quickly through some legal instruments. While the general notion of a relatively peaceful Southeast Asia with regional states assuming greater responsibility for order and security in the region must be clear, its execution must be pursued through continuous and incremental steps based on objective conditions.

NOTES

1. Candidates for zones of peace include the Indian Ocean, the South Atlantic, the Mediterranean, and Southeast Asia.
2. Sinnathamby Rajaratnam, "Will the real ZOPFAN stand up?", *Straits Times*, 12 October 1989.

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3. What follows is a synthesis of the exposition of the idea by Tun Ismail, then Deputy Prime Minister of Malaysia; Tan Sri Ghazali Shafiee, then Permanent Secretary, Ministry of Foreign Affairs and subsequently Minister of Foreign Affairs; Tan Sri Zain Azrai, then a career foreign service officer working in the prime minister's office and presently Permanent Secretary, Ministry of Finance; and Ambassador Albert Tallala, the first head of the Foreign Ministry division on ZOPFAN and currently Malaysia's ambassador to the United States.
4. Zain Azrai, "Neutralization and Southeast Asia", in *New Directions in the International Relations of Southeast Asia*, edited by Lau Teik Soon (Singapore: Singapore University Press, 1973), p. 129.
5. Ibid., pp. 131–32.
6. Ibid., p. 134.
7. According to Rajaratnam, Tun Razak's proposal of ZOPFAN "came as a bombshell to all his ASEAN partners". See his "Will the real ZOPFAN stand up", *Straits Times*, 12 October 1989.
8. For a record of the early reactions of the ASEAN countries, see Dick Wilson, *The Neutralization of Southeast Asia* (New York: Praeger Publishers, 1975), chapters 4–8.
9. National resilience is an Indonesian term. It is defined as "a dynamic condition of will-power, determination and firmness with the ability to develop national strength to face and overcome all manners of threats, internal and external, direct or indirect, that may endanger the Indonesian national identity and the total way of the life of the nation ..." (Explanatory note to the Republic of Indonesia Law, No. 20, 1982, paragraph 5). For a discussion of the concept, see Muthiah Alagappa, "Comprehensive Security: Interpretations in ASEAN Countries", in *Asian Security Issues: Regional and Global*, edited by Robert A. Scalapino et al. (Berkeley, Calif.: Institute of East Asian Studies, University of California, Berkley, 1988), pp. 57–62.
10. Arnfinn Jorgensen-Dahl, *Regional Organisation and Order in Southeast Asia* (London: Macmillan Press, 1982), pp. 37–39.
11. Sinnathamby Rajaratnam, "Singapore: A stranger in a Malay sea", *Straits Times*, 13 October 1989.
12. Quoted in Dick Wilson, *Neutralization*, p. 73.
13. This is no longer the case. Subsequent ASEAN meetings and declarations have referred to the Kuala Lumpur Declaration as an ASEAN document and the Working Group on ZOPFAN is now an integral part of the ASEAN machinery.
14. The argument that an international settlement does not mean the resolution of the local dimensions of the Cambodian conflict is made in my article, "The Cambodian Conflict: Changing Interests", *Pacific Review* 3, no. 3, (1990).
15. "US bases in Singapore may undermine Zopfan concept, says Malaysia", and other reports in the *Straits Times Weekly Overseas Edition*, 12 August 1989. See also "Singapore's offer to take US bases divides ASEAN", *International Herald Tribune*, 22 August 1989, p. 6; and "Mahathir: US bases will trigger arms race", *Bangkok Post*, 16 August 1989.
16. "Indonesia backs Singapore proposal on US bases", *Bangkok Post*, 11 August 1989; and "Mahathir favours eventual withdrawal of US bases from region", *Straits Times*, 4 November 1989, p. 3.
17. Muthiah Alagappa, *The National Security of Developing States: Lessons From Thailand* (Dover, Mass: Auburn Publishing House, 1987), pp. 55–60.
18. "Siddhi: Singapore offer will boost security", *Bangkok Post*, 6 August 1989.
19. "Singapore willing to have some US military facilities", *Straits Times Weekly Overseas Edition*, 5 August 1989.

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20. "Singapore to Allow Greater U.S. Military Presence", *New York Times*, 14 November 1990, p. A9.
21. See Michael Leifer, *Cambodia: The Search for Security* (New York: Praeger Publishers, 1967), pp. 138–42.
22. For a discussion of Soviet Southeast Asia policy under Gorbachev, see Muthiah Alagappa, "Soviet Policy in Southeast Asia: Towards Constructive Engagement", *Pacific Affairs*, Fall 1990, pp. 39–68.
23. Secretary of State George Shultz wrote to Indonesian Foreign Minister Mochtar Kusumaatmadja stating that the United States could not support the initiative. *International Herald Tribune*, 25 June 1986, p. 2.
24. For a more detailed discussion of the American position and a general discussion of SEANWFZ, see Muthiah Alagappa, "A Nuclear Weapons-Free Zone in Southeast Asia: Problems and Prospects", *Australian Outlook* 41, no. 3 (December 1987): 173–80.
25. The current American plan envisages a phased reduction in the 1990s. In Phase One (1991–93) the plan is to reduce American forward deployment in the East Asian region by about 11 to 13 per cent. See the U.S. Defense Department Report in response to the requirement contained in the Nunn-Warner Amendment to the FY1990 Authorization Bill, and a similar requirement in the FY1990 Appropriation Bill.
26. For an elaboration of this argument, see Muthiah Alagappa, "Japan's Political and Security Role in the Asia-Pacific Region", *Contemporary Southeast Asia* 10, no. 1 (June 1988): 17–54.
27. The Malaysian Foreign Affairs Minister, Abu Hassan Omar, and the former Foreign Minister of Indonesia, Mochtar Kusumaatmadja, among others, have called for greater security co-operation among the ASEAN countries.
28. The American Treaty on Pacific Settlement, signed on 30 April 1948, is also known as the Pact of Bogota.
29. Michael Leifer, *ASEAN and the Security of South-East Asia* (London: Routledge, 1989).
30 For a good discussion of the relationship between law and politics, see Edward Hellet Carr, *The Twenty Years' Crisis, 1919–1939* (New York: Harper Torchbooks, 1964), pp. 170–81.
31. The author's own preference is for the institution of a Southeast Asia Forum separate from ASEAN with the possibility of merging the two some time in the future when the conditions are appropriate. This option is argued in "Bringing Indochina into ASEAN", *Far Eastern Economic Review*, 29 June 1990.
32. The concept of mature anarchy has been developed by Barry Buzan. See his *People, States and Fear* (Chapel Hill: University of North Carolina Press, 1983), pp. 96–99.

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Japan's National Security and Cultivation of ASEAN Élites

ANNY WONG

For all its prosperity, Japan is largely dependent on its salient environment for its survival. Heavy reliance on oil and resource imports, and trade and overseas markets necessitate a stable and secure milieu to ensure continued economic growth. In the early 1970s, Tokyo came up with the Comprehensive National Security Strategy after recognizing the need to boost relations with its regional neighbours, particularly in Southeast Asia. The strategy is generally aimed at helping those countries' economic, political and social development by extending assistance to promote cultural, educational, technical and other exchanges. From the beneficiaries' point of view, however, the programme has been criticized for solely advancing Japanese interests. Despite recent efforts to expand the volume of exchanges and increase the level of financial support for the programme, much is left to be desired. The development of this exchange programme becomes especially significant in creating a stable environment conducive to Japan–ASEAN co-operation.

Peace and prosperity in Southeast Asia are extremely crucial to Japan in several ways. Countries of the Association of Southeast Asian Nations (ASEAN) straddle vital sea lines of communication in the region through which crude oil and material imports flow into Japan. Southeast Asia is richly endowed with natural and energy resources and the rapidly expanding ASEAN economies have become important markets for Japanese capital and commodities. The desire of the ASEAN states for foreign

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capital investment and technology has also served to facilitate Japan's domestic industrial restructuring. In addition, ASEAN diplomatic support would boost Japan's regional status and international standing among the developed countries.

Their co-operation is, thus, mutually rewarding. In view of their domestic development and dramatic changes in the global arena, both sides want to foster closer ties for their respective development and security needs. However, their complementary economic interests do not guarantee their future co-operation — at least, harmonious co-operation. One important element that may hinder Japan–ASEAN co-operation is the attitude of ASEAN power élites towards Japan.

Most Southeast Asians welcome the surge of Japanese aid and investment in the region and are eager for more. Nevertheless, large sections of the ASEAN élites hold deep-seated fears of ulterior Japanese motives of neo-colonial domination of Southeast Asia. This sentiment is strongest among the top-level élites who are powerful and influential in their capacity as senior administrators in the government, the army, the corporate world, as well as other public and private institutions. Their suspicion of Japan traces its origin to World War II. As young children then, they personally witnessed or suffered from Japanese aggression when Southeast Asia was part of militarist Japan's grand vision of a "Greater East Asia Co-Prosperity Sphere". Even the younger generation of ASEAN power élites who are now in their thirties and forties foster their own suspicions of Japanese intentions. They were the young people who opposed Japan's indiscriminate dumping of consumer goods in Southeast Asia in the 1960s and 1970s and who grew up learning about Japanese atrocities during the war from stories told to them by their parents and elders.[1]

The ASEAN élites are very important to Japan because they form part of the inner core of society with the power to influence and decide the course of their country's economic, political, and social development.[2] Their attitudes and opinions towards Japan will significantly determine the development of Japan–ASEAN relations. The Japanese Government recognizes the importance of the ASEAN power élites to Japan's interests in the region. Consequently, Japan is now making intense and genuine efforts to cultivate a new generation of ASEAN power élites who have no bitter memories of Japan. They will, hence, be more sympathetic to Japan's interests and be dedicated to improving their country's ties with Japan. This article first examines the importance of Southeast Asia to Japan's overall national security interests. It then traces the development of Japan's efforts at cultivating the ASEAN élites, examines how these efforts relate to promoting Japan's interests, and assesses the problems and successes thus far.

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Japan's Security and ASEAN

Japan–ASEAN relations have grown tremendously over the past decade. ASEAN is now the third largest trading partner of Japan after the United States and the European Community.[3] Nearly all of Japan's natural rubber imports and 95 per cent of its tropical lumber imports are supplied by the ASEAN economies. The region also fulfills substantial Japanese requirements of energy sources, zinc, copper, bauxite, nickel, vegetable oil and other foodstuffs.[4] Net Japanese direct investment in the ASEAN economies from 1951 to 1988 exceeded US$18 billion, or more than half of Japan's foreign direct investments in Asia.[5] From the ASEAN perspective, the significance of Japanese investment is further magnified as Japanese capital constitutes more than half of all foreign capital flowing into the region.[6] But ASEAN's importance to Japan extends beyond mere economics to occupy a prominent position in safeguarding and promoting Japan's political, economic, and defence interests.

Economic prosperity remains Japan's foremost priority in the 1990s. Another objective is to raise its international status to a level that commensurates with its economic strength. To realize these goals and to meet the challenges of the 1990s and beyond, Japan is reorienting its economy and pursuing its objectives under the comprehensive national security strategy.[7]

The essence of this strategy is that, firstly, the country's economic security should no longer be solely dependent on domestic industrial expansion. Rather, the economy is to be restructured and Japan's economic dependence diversified. "Clean and knowledge-intensive" industries are to be set up, while "resource-prone", "labour-oriented" and "space-demanding" industries are to be relocated to places where these resources are readily available.[8] Suppliers of energy and raw materials are also to be diversified to minimize the impact of sudden price fluctuations and disruption of these imports. To complement this, the Japanese Government encourages investments and technical assistance from both private and public sectors to develop overseas resources for Japanese economic needs. In recent years, this diversification strategy has also been extended to investment in the Western developed countries to overcome tariffs and other trade barriers aimed at Japanese goods.[9]

The ASEAN economies are the primary target in this diversification strategy to facilitate Japan's economic restructuring because of their abundance of labour and raw materials and geographic proximity to Japan. Japanese investments in energy and resource development soared in the region after the oil crises of the early 1970s, and today the larger proportion of Japanese direct investments in the region is still in natural

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resource and energy development. As a matter of fact, nearly half of Japan's foreign investments in energy and natural resource development is concentrated in the Southeast Asian region.[10]

The rapidly-growing ASEAN economies have also become important overseas markets for Japanese goods.[11] Japan hopes to offset some of its trade surpluses with the West by increasing exports to the region; this is also a means of financing its huge import bill from ASEAN. The rising tide of trade protectionism in the United States and Europe, European Community integration in 1992 and its close ties with Eastern Europe, as well as free market arrangements between the United States and Canada, Mexico and other American economies further add pressure on Japan to move closer to ASEAN. Today, Japan ranks as the first or second trading partner of all the six ASEAN states.[12]

Japan reckons that economic development can strengthen the region's political stability, thus consolidating the security of Japan's economic interests in the region. Complementary to its direct investment and trade, Japan has consistently injected nearly two-thirds of its global aid budget into this regional economic backyard.[13] Although China has grown to become the single largest beneficiary of Japan's largesse since 1982, net donations to ASEAN as a whole are still the most substantial, and Japan remains the most important Official Development Aid (ODA) contributor to the region.[14]

Secondly, as Japan's economic interests are now extended overseas as a result of economic diversification and restructuring, it wants to increase its international leverage to promote its overseas interests. Japan hopes to take advantage of its economic strength to expand its global influence in this post-cold war era in which the potency of commercial and technological capability is increasingly overshadowing military might in the exercise of state power.

Japan also eagerly promotes internationalization, accepting that its existence as a member of the world community demands greater involvement in all world affairs. Japan is breaking away from its traditional policy of non-involvement or mere endorsement of the American or Western policy posture in both international organizations and issues of global and regional significance. Instead, the country now seeks to define its own independent stand that is nevertheless coherent with the common position of the Western industrialized democracies. But, to effectively strengthen its credibility and bargaining position against other industrial and military powers, Japan has to rally for support from members of the international community.

Japan already has a predominating economic presence in the Asian-Pacific region. The end of superpower rivalry in Asia provides Japan a

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TABLE 1
Japan's Bilateral ODA (1989)
(By region, in millions of US$)

Region \ Form	Official Development Aid					
	Grants					
	Capital Aid	Technical Aid	Total	Government Loans	Total	%
ASIA	762.40	613.29	1,375.69	2,863.83	4,239.52	62.5
Northeast Asia	58.53	189.63	248.16	670.95	919.11	13.6
Southeast Asia	330.98	343.63	674.61	1,551.88	2,226.48	32.8
ASEAN	270.22	335.77	605.99	1,526.18	2,132.17	31.5
Southwest Asia	372.89	76.75	449.64	641.00	1,090.64	16.1
Others	—	3.28	3.28	—	3.28	0.0
MIDDLE/NEAR EAST	97.53	83.22	180.75	187.73	368.49	5.4
AFRICA	518.59	113.46	632.05	407.59	1,039.64	15.3
CENTRAL/SOUTH AMERICA	119.20	181.27	300.47	262.86	563.33	8.3
PACIFIC REGION	54.20	30.07	84.27	13.98	98.26	1.4
EUROPE	1.08	5.03	6.11	5.25	11.36	0.2
UNCATEGORIZED	3.05	454.86	457.91	—	457.91	6.8
TOTAL (Bilateral)	1,556.06	1,481.20	3,037.25	3,741.25	6,778.50	100.0

SOURCE: Ministry of Trade and Industry, Japan, *Economic Cooperation: Present Status and Problems*, 1987.

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golden opportunity to establish a regional leadership role. ASEAN's co-operation would be important because the Association has become an influential and respected force on many regional issues, especially those concerning Indochina, which is one of the enduring major issues awaiting settlement in the international political agenda. Co-operation and diplomatic support from ASEAN would enable Japan's effective participation in solving the Cambodian question and other regional issues, thus bringing credibility to Japan's regional economic and peace initiatives.[15] There has already been some success. Japan was the only foreign dialogue partner invited to the Third ASEAN Summit in Manila in December 1987. It volunteered to speak for ASEAN interests in the summit meetings of the industrialized countries and in international economic development agencies such as the World Bank, the International Monetary Fund and the Asian Development Bank.

Since the defence of the Japanese islands relies on the credibility of the American nuclear umbrella and American forces stationed in Japan and the Asian-Pacific theatre, the decline of the American military presence in the region in response to Soviet Asian initiatives and the gargantuan U.S. budget deficit is a worrying concern.[16] Japan hopes to protect itself by ensuring that the vacuum left by the United States is not filled by forces hostile to Japan's interests. The immediate step is to improve relations with all neighbouring states while simultaneously strengthening its own defence capability.

Although the likelihood of an attack by the Chinese or the Soviets is now extremely remote, there are other reasons for expanding the Japanese Self-Defense Forces (JSDF). First of all, it is a matter of self-preservation. Secondly, there are pressures from Washington to bear greater self-defence responsibility. Thirdly, as Japan expands its international role, the government feels that Japan must be prepared to assume international peace-keeping responsibilities befitting a major world power. The Japanese Government demonstrated this desire in two separate incidents. Yasuhiro Nakasone proposed to send Japanese minesweepers to the Gulf in 1987 to join the multilateral forces to keep the Gulf open and free from hostile intimidation. More recently, in the Kuwaiti crisis, Toshiki Kaifu suggested dispatching unarmed troops to Saudi Arabia. However, both proposals were rejected by strong domestic opposition.

JSDF fortification is very difficult without arousing resentment and animosity from the neighbouring Asian states, all of whom were victims of Japanese armed aggression and colonialism during World War II.[17] Consequently, Japan hopes to foster warmer ties through economic co-operation and aid to the neighbouring states in order to dampen their opposition to JSDF expansion. Japan also feels that friendlier ties with

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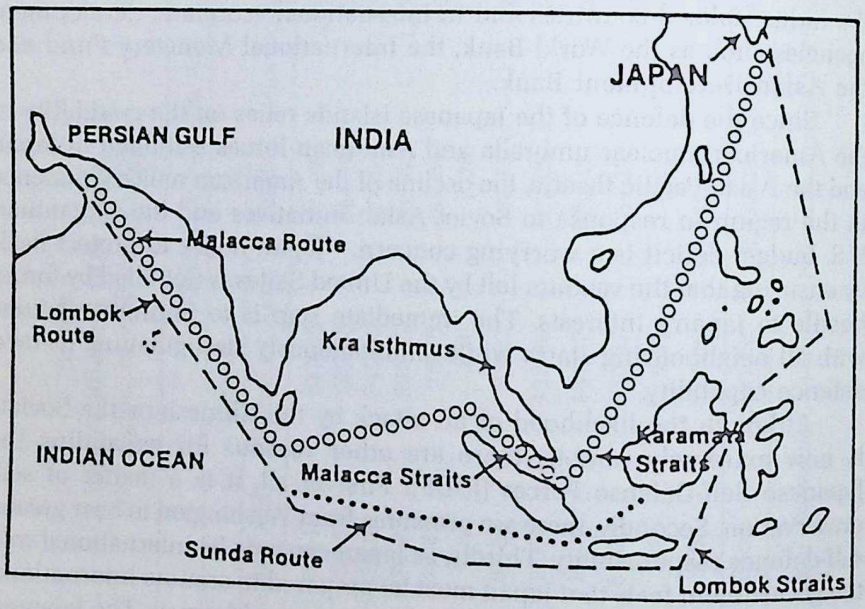
ASEAN are essential to better safeguard the freedom of Southeast Asian sea lines of communication from interdiction by littoral states in the region and foreign aggression. These sea lines, like the Malacca and Lombok straits, are absolutely crucial to Japan's economic security, for approximately 85 per cent of the country's crude oil imports passes through these seaways, as well as 40 per cent of Japan's total world commodity imports.[18] Disruptions at these bottleneck routes would require re-routing around Australia, increasing shipping distance by as much as 78 per cent.[19]

Nautical Routes between the Persian Gulf and Japan



Cultivation of ASEAN Élites

Co-operation from the ASEAN states is, therefore, essential to successfully carry out Japan's diversification and globalization. The ASEAN leaders enthusiastically welcome Japanese investments to finance their national development. Some even openly advocated schemes to emulate Japan, such as the "Look-East Policy" espoused by Malaysian Prime Minister Dr Mahathir Mohamad and Singapore's "Learning from Japan Movement" in the late 1970s and early 1980s. None the less, there is still much distrust among the ASEAN élites and masses alike towards Japan.[20]

The ASEAN élites want to guard against any attempt by foreign powers to compromise their national sovereignty because of past colonial

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encroachment. Such sentiments have given rise to speculation about the ulterior motives behind Japanese investments and assistance — that is, Japan is now using economic means to incorporate these Southeast Asian economies into its "Greater East Asia Co-prosperity Sphere", an objective Japan failed to realize through armed aggression during the last war.

Indeed, historical memories of Japanese hostility, notorious trade practices, and traditional aloofness from regional interests have sustained Japan's negative image as a self-centred economic animal. For example, Japan's economic assistance in the 1960s and 1970s was generally inferior to Western aid.[21] Japan's official assistance was strongly biased towards export promotion and excessively tied. Until 1969, about half of its total transfer of aid resources to the developing countries was in the form of deferred-payment export credits.[22] Trade relations were also severely strained. Japanese firms dumped goods in the Southeast Asian markets and were reluctant to transfer technology to upgrade the productivity and efficiency of their Southeast Asian manufacturing operations. Finally, Southeast Asian resentment towards Japan exploded in street riots protesting Prime Minister Tanaka's ASEAN tour in 1974.[23]

Many advocates of closer diplomatic and economic ties with Japan are also wary of Japanese remilitarization. This is especially true of the older generation who had lived through the war. America's military presence in the region is increasingly seen as necessary to check the expansion of the JSDF. For instance, when the JSDF announced the expansion of its perimeter of patrol to 1,000 nautical miles from Japan, the ASEAN states, particularly Indonesia and the Philippines, vociferously objected to this proposal because it would bring Japanese maritime forces into their territorial waters, thus undermining the national sovereignty of the states in these waters, and maybe even the coastal areas. In 1989, Singapore offered to host an increased U.S. military presence as U.S.–Philippine Base Treaty talks were deadlocked.[24] Singapore's Prime Minister Lee Kuan Yew openly expressed his unease concerning JSDF expansion. More recently, an independent proposal by Thai Prime Minister Chatichai for joint military exercises between the JSDF and the Thai navy was vehemently rejected by fellow ASEAN members because they were not consulted prior to the invitation, nor did they relish the idea of encouraging Japanese military expansion.

To ensure that long-term co-operation between Japan and ASEAN will not be affected by distrust and latent fears of Japanese ambition, Japan takes measures to improve mutual understanding with ASEAN. The Tanaka riots certainly had a strong impact on Japanese policy-makers for, immediately after Tanaka's return to Japan, many new programmes for exchange and training were initiated. The Japanese Government hopes

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that such exchanges with Southeast Asians, especially the élites, would engender better understanding of Japan and erase the stereotyped images of the Japanese as "militarists" and "capitalist exploiters". The cultivation of ASEAN élites supportive of Japan's peace and development initiatives is, therefore, absolutely essential to Japan's quest for national security and success in the international arena. As more and more Japanese capital enters the ASEAN economies, an ASEAN population more familiar with Japanese culture and objectives would certainly promote smoother and more productive co-operation.

These exchanges between Japan and Southeast Asia and other developing nations would also have a significant domestic impact on Japan. It would make the Japanese population more conscious of the external environment. It would also win wider popular support for Japan's aid programmes, thus affording Japanese leaders another instrument to obtain greater leverage in foreign affairs in the pursuit of comprehensive security.

Early Contacts

Throughout the 1950s and the 1960s almost all of Japan's personnel exchanges were with the ASEAN countries. These programmes were severely limited in scope and scale. The lack of Japanese commitment, according to the Japanese Government, was due to its lack of experience and the inadequacy of personnel necessary to implement large-scale projects.

Japan took part in the Colombo Plan and some U.N. technical assistance programmes in the 1950s. This was the first time that Japan extended official assistance, and not indemnity, to the developing countries.[25] These assistance activities mainly centred on technology transfer. As a matter of fact, technical aid constituted a substantial proportion of Japanese aid during this period for it did not call for any considerable transfer of financial resources as Japan was still engaged in its war reparations programme that began in 1951, and competing domestic demand for financial resources was intense.[26]

As the larger part of the indemnity was dominated by commodity and service grants, Japan was actually developing markets for its exports. This growing influx of Japanese commercial and capital goods, financial institutions and styles formed the basis for future dependence on Japan. There were some cultural exchanges but other kinds of co-ordinated people-to-people contacts were practically non-existent.[27]

In the 1960s, Japan started a number of education exchange programmes with the ASEAN states. Malaysian, Thai, and Filipino scholars began studying in Japan under Japanese Government scholarships.[28] The Japanese Government also sponsored Japanese studies programmes at

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the University of Malaya (Malaysia) and Ateneo de Manila University (Philippines), provided them with office automation equipment and books, and Japanese instructors were sent to teach at these centres.[29] An Association for Overseas Technical Scholarship (AOTS), funded entirely by the Japanese Government, was established to train workers from developing countries. Other personnel contacts included an exchange of journalists between Japan and the Philippines, several Southeast Asian youth goodwill missions to Japan, and under the Colombo Plan many Japanese students studied in Southeast Asian universities. Cultural and athletic contacts included exchanges of dance troupes, specialists on traditional arts, and judo and boxing experts.

By the end of 1986, AOTS had sent some 13,559 Southeast Asians to Japan.[30] In the same year, Japan made plans to establish a Japanese study centre in Thailand's Thammasat University for research on Japan-related subjects.[31] The Japanese Government created the Japan International Co-operation Agency (JICA) in 1974 to conduct feasibility studies for aid programmes and to handle all government-based technical assistance and operation of the Japanese Peace Corps.[32] Education, cultural and athletic exchanges expanded but the main focus was on technical transfer as the ASEAN governments were most eager to obtain Japanese technology. Yet, this emphasis on technology transfer was also part of the national economic strategy of Japan in the 1970s. Since Japan was making large capital investments in the ASEAN economies, a major share of which was concentrated on the budding ASEAN oil industry, Japan taught a large number of Southeast Asians the technical know-how for these industrial undertakings.

From the 1950s to the early 1970s, the growth and expansion of the scope and scale of exchanges between Japan and ASEAN were considerable. The ASEAN economies benefited from the transfer of technology from Japan through education and training programmes. None the less, it cannot be denied that Japan, too, was able to advance its economic interests in the region through these exchanges; so much so that Japan was often sharply criticized for transferring technology and conducting exchanges only when they served Japanese economic pursuits. For instance, the AOTS training programmes only taught Japanese industrial practices to the ASEAN trainees. Such training would not effectively enable them to find jobs in non-Japanese industrial enterprises in their home countries. In effect, these programmes were training workers for Japanese business operations in ASEAN. More often than not, ASEAN requests for more advanced technology were either turned down or ignored as they were deemed unnecessary for the largely labour-intensive Japanese enterprises in the region.

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Little was achieved in promoting genuine mutual understanding between the peoples of Japan and the ASEAN countries. Cultural contacts carried heavy emphasis on the unilateral transfer of Japanese culture and work ethics to the ASEAN countries, showing little tolerance and respect for the Southeast Asian cultures, traditions, values and customs. Cultural and athletic exchanges were sporadic and usually only for promotional purposes. Not many ASEAN students were keen on studying in Japan because of the language barrier and because many feared that with a Japanese degree they would be unable to find employment in their own countries. Job offers from Japanese firms were readily available, but the prospect for career advancement was low as high management positions were always occupied by Japanese nationals. Gradually, dissatisfaction and contempt for the Japanese grew among these strongly nationalistic and proud Southeast Asians, culminating in the ugly riots that greeted Japanese Prime Minister Tanaka on his Southeast Asian tour in 1974.

Into the 1980s: Venturing into "Cultural Diplomacy"

Japan's adventure into "cultural diplomacy" can be said to have begun in 1972 with Tanaka's creation of the Japan Foundation. The organization was the first of its kind to receive strong support from the Japanese Government to promote Japanese studies and personnel exchanges with foreign countries.[33] Immediately after Tanaka's ASEAN visit, Japan wanted to increase exchanges but the oil crisis and the ensuing recession impeded all efforts.

So it was through the Fukuda Doctrine announced in 1977 by then Prime Minister Takeo Fukuda that the Japanese Government initiated the first wholesale effort at improving cultural and social ties with ASEAN.[34] Under the Fukuda aid programme, US$5 million was specifically designated for an ASEAN Cultural Fund.[35] Succeeding administrations continued to increase emphasis on personnel exchanges between Japan and ASEAN. Prime Minister Masayoshi Ohira introduced an ASEAN Youth Scholarship Programme in 1980. In 1981, Prime Minister Zenko Suzuki promised "human resources development" during his ASEAN tour and committed US$100 million to ASEAN to build training centres in their own countries as well as extra funds for a main training centre in Okinawa.[36] Suzuki also set up a Regional Studies Promotion Programme the following year. Prime Minister Yasuhiro Nakasone announced the 21st Century Friendship Programme in 1984 to boost personnel exchange in the cultural and education areas.[38] Nakasone's successor, Noburo Takeshita, unveiled his Japan–ASEAN Comprehensive Exchange Programme at the Third ASEAN Summit in 1987 to expand technical, academic, research, athletic,

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and cultural exchanges between ASEAN and Japan. It also stressed greater financial assistance for foreign students, promotion of intra-ASEAN technical exchange and the creation of the Center for Promotion of Cultural Exchange between Japan and ASEAN.[39] Furthermore, Nakasone's 21st Century Friendship Programme was extended for another five years after its expiry in 1989, in order to send an additional 4,000 ASEAN youths to Japan. Thus, ASEAN has become the primary target of Japan's exchange programme. The region received a major share of Japan's International Exchange Fund which financed exchange activities with Japan, as well as Japanese language training and Japan studies, personnel exchange, exhibitions, and donation of audio-visual equipment.

Japan has shown greater sensitivity, particularly in cultural exchange, since the Tanaka riots to compensate for its past callousness. The emphasis is now on "equal partnership" in cultural co-operation in contrast to its former practice of the unilateral transfer of Japanese culture to ASEAN. In 1989, the first-ever ASEAN film festival was held in Japan and many ASEAN artists were invited to perform or hold exhibitions there.[40] Even aid from the private sector has become less self-centred; for example, Matsushita Corporation's PHP Institute offered post-graduate scholarships to ASEAN students without requiring the recipients to write papers with themes related to Japan or to be in Japan for the duration of study or research.[41]

Japan set up a US$700,000 scholarship in the Asian Development Bank (ADB) to satisfy the ASEAN need for more management personnel in their rapidly expanding economies. In selection, individuals are chosen by the ADB's developing member countries, and recipients may study in any international institution in the area of management, technology, and other development-related fields.[42] Japan has also financed several study tours to Japan for ASEAN executives working in the insurance, finance and banking businesses, including a tour to Japan organized by the Japan–ASEAN Co-operation Promotion Programme for ASEAN insurance officials in 1988.[43]

ASEAN has been sending large numbers of technical exchange trainees to Japan through JICA. From 1954 to 1986, some 24,281 ASEAN trainees were sponsored by the Japanese Government for training in Japan, and a total of 26,943 Japanese experts went to the ASEAN countries in the same period. Since JICA handles only government-based exchange programmes, the total number of experts and trainees sent and received by Japan should be much higher.[44]

To overcome the language barrier that discourages foreign students from studying in Japan, Japan and the ASEAN governments are working closely to promote the study of the Japanese language. Results have been

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TABLE 2
International Exchange Fund: Activities by Region

	1984	*1985*	*1986*	*1987*	*1988*
Total	¥4,552 million	¥4,703 million	¥4,775 million	¥5,501 million	¥5,346 million
			(In per cent)		
Asia: Total	37.1				
East Asia		14.2	13.8	13.1	14.9
Southeast Asia		18.8	19.1	16.5	16.7
Southwest Asia		3.7	3.9	7.0	3.9
Pacific Region	4.7	4	3.9	4.2	3.8
North America	14.3	13.9	15	13.2	13.7
Central and South America	9.3	9.7	8.3	7.6	9.4
Western Europe	13.9	17	14.9	14.6	14.3
Eastern Europe	3.5	2.7	2.8	4.5	3.7
Near and Middle East	6.9	5.1	3.9	3.8	5.2
Africa	2.6	1.2	2	1.6	3.9
Others	7.7	9.7	12.4	13.9	10.6

SOURCE: Ministry of Foreign Affairs, Japan, *Green Paper on Foreign Affairs*, 1990.

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TABLE 3
Personnel Sent by JICA to ASEAN

ASEAN Country	*1984*	*1985*	*1986*	*End of 1986*	*Specialization*
Indonesia	1,033	919	842	9,557	Transport, Agriculture, Infrastructure Development
Malaysia	350	237	359	2,957	Transport, Industry, Agriculture, Infrastructure Development
Philippines	527	480	630	5,681	Industry, Transport, Agriculture, Infrastructure Development
Thailand	746	655	793	7,755	Medicine & Health, Transport, Wealth, Agriculture
Singapore	130	120	156	993	Personnel Training, Management, Industry

SOURCE: Ministry of International Trade and Industry, Japan, *Economic Cooperation: Present Status and Problems*, 1987.

TABLE 4
ASEAN Students Received by JICA

ASEAN Country	*1984*	*1985*	*1986*	*End of 1986*	*Specialization*
Indonesia	565	586	523	6,737	Transport, Industry, Agriculture,
Malaysia	465	452	521	3,680	Management, Agriculture, Industry,
Philippines	416	441	441	4,825	Agriculture, Industry, Management
Thailand	533	542	574	6,739	Management, Agriculture, Medicine
Singapore	305	258	269	2,300	Personnel Training, Industry, Management

SOURCE: Ministry of International Trade and Industry, Japan, *Economic Cooperation: Present Status and Problems*, 1987.

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very encouraging. The Singapore Education Ministry's Foreign Language Centre holds intensive Japanese courses for junior high school students. The National University of Singapore's Department of Japanese Studies and the Japanese Government plan to jointly develop the Centre into an international centre for Japanese studies in Southeast Asia.[45] In Malaysia, Prime Minister Mahathir has designated Japanese as the third foreign language in the country's high school curriculum, after English and Chinese. Japanese instructors teach at the National University of Malaysia, the National Administration Institute and other educational institutes. The Japan–Malaysia Society and other private organizations are also conducting Japanese language courses to meet the sky-rocketing demand for Japanese studies.[46]

This dramatic increase in interest in Japanese language study in Southeast Asia in recent years is largely attributable to expanding economic relations with Japan, exacerbating the need to communicate more efficiently with Japanese trading partners and employers. Another reason is the desire to master Japan's technology.

Japan is a world leader today largely because of its technological strength. The country's leading-edge technology will power economic growth in the years ahead as Japan undergoes structural transformation towards high-tech manufacturing and service industries. Consequently, Japanese becomes the essential tool for these rapidly developing Southeast Asian states to catch up with Japan.

Obstacles and Problems

Yet all is not well in Japan–ASEAN personnel and cultural exchanges. Firstly, in Japan's view, it is trapped in a very awkward situation. On the one hand, the ASEAN states complain that there is not enough cultural contact with Japan. On the other, they seem to have only lacklustre interest in learning about Japanese culture or in teaching the Japanese about their cultures. Rather, they are more keen on obtaining Japanese finance and technical know-how. Not infrequently, new exchange projects and channels are initiated by Japan only to receive a lukewarm response, and criticisms from ASEAN when the results do not meet their sometimes unreasonably high expectations.

Secondly, Japan is expanding cultural contacts but the country is physically and mentally ill-prepared for it. On the physical side, there are problems in both the quantity and quality of Japanese aid officials. JICA is in charge of dispatching all official technical experts and assistance but it has only a staff of 980 officers and 47 overseas offices for survey and communication with aid recipient countries. (The U.S. Agency for

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International Development has a staff of more than 5,000 officers and runs 122 overseas offices.) From 1977 to 1988, the three major governmental agencies responsible for aid administration — the Economic Co-operation Bureau of the Ministry of Foreign Affairs, JICA, and the Office for Economic Co-operation and Development (OECD) — increased their staff from 1,324 to only 1,503, while in the same period total ODA jumped sevenfold.[47] Japan's International Exchange Fund best illustrates this personnel problem. Each of the International Exchange Fund's 177 staff members has to disburse ¥68.05 million, compared to ¥7.7 million for his counterpart in the West German Goethe Institute, and ¥14.9 million for a British Council officer.[48] Hence, each aid staffer oversees far more resources than his counterpart in other governments and international agencies such as the World Bank, which is itself considered well-stretched.[49]

TABLE 5
Comparison of Japan's International Exchange Fund with Exchange Agencies of Britain and the Federal Republic of Germany (1989)

TOTAL BUDGET	(UK)	British Council	¥70,512 million
	(FRG)	Goethe Institute	¥23,299 million
	(Japan)	Int'l Exchange Fund	¥12,045 million
STAFF SIZE		British Council	4,710 persons
		Goethe Institute	3,026 persons
		Int'l Exchange Fund	177 persons
OVERSEAS OFFICES		British Council	145
		Goethe Institute	152
		Int'l Exchange Fund	12

SOURCE: Ministry of Foreign Affairs, Japan, *Green Paper on Foreign Affairs*, 1990.

This shortage of personnel hampers aid disbursement as each employee is confronted with more foreign requests and more resources to dispense than ever before. To make matters worse, current efforts to cut the government budget deficit have caused various departments to withhold expansion or to streamline their staff, thus further compromising the effectiveness of Japanese aid programmes and efficiency in resource distribution.[50]

Qualitatively, aid officers are often not adequately trained to evaluate aid requests effectively. Many of these consultants in aid administration

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are either "loaned" from other governmental agencies or ministries, such as the Ministry of Foreign Affairs, for a few years or are rotated to new posts every two to three years. This means that just when these consultants have accumulated enough experience to better oversee a certain aspect of aid administration, they would be transferred to another area which they are not familiar with. Simultaneously, their former posts would be occupied by other officers likely to be unequipped with the necessary background and expertise to implement that aspect of an aid programme.

Furthermore, albeit many of the officers are graduates of top universities in Japan, they often lack understanding or are unaware of the structural and cultural environment in the recipient countries, such as in management organization and finance. This significantly undermines the efficacy of Japanese aid. Worse, there is apparently no urgent attempt to rectify this problem by the Japanese Government.

Besides personnel problems, segmentation of agencies in handling aid and the absence of a coherent legal framework to co-ordinate the efforts aggravate weaknesses in the aid administration structure. Aid agencies operate almost totally independent of each other. Inter-agency communication is rare. It is not common for agencies to jointly discuss and carry out aid projects. As a result, efforts either overlap and money and manpower are wasted, or some projects are neglected.

Since aid and personnel exchange are now key components in Japan's foreign policy, OECD and JICA have become high-profile government agencies. However, these agencies have only limited authority. Financial resources are controlled by the Ministry of Finance, while utilization is strongly influenced by the Ministry of Foreign Affairs in tandem with foreign policy objectives.[51]

Thirdly, with regard to education and cultural exchange programmes in Japan, there is not enough manpower or facilities to handle large numbers of foreign students. In recent years, there have been some respectable graduate exchange programmes in business studies and top Japanese universities have opened their doors to foreign students, but most foreign scholars are still placed in second-rate institutions because of severe domestic competition for slots in the most prestigious institutions such as Tokyo and Kyoto Universities, leaving few places for foreigners. Furthermore, it is difficult for foreigners to adapt to the intensely vigorous and rigid education system of Japan. Hence, very few foreign scholars complete their university studies in Japan, compared to other popular destinations for overseas studies such as the United States and Australia. Most are in Japan for one to two years of Japanese language training or technical training for periods ranging from three months to two years. Another common grievance among ASEAN élites is Japan's reluctance to transfer

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technology to raise the productivity and technology level of industries in their respective countries. Although Japanese technology transfers amounted to US$193 million in 1988, or the fourth largest contribution among the eighteen DAC members (after France, the United States, and West Germany), technology transfers constitute only 12 per cent of its total ODA, compared to the DAC average of 21 per cent. This puts Japan well behind other DAC members in the fourteenth position.[52]

Southeast Asian critics of Japan also readily chastise the latter for its discriminatory policy towards Southeast Asians and scholars from other developing countries. Often cited to lend evidence to the Japanese Government's prejudice is the location of training centres for Third World students in places such as Okinawa which are far removed from the major cities. The government justifies this policy by saying that since most of the trainees come from tropical places such as the ASEAN region, South Asia, Latin America and Africa, weather conditions in Okinawa would suit them better. It is not clear what the reasons are for keeping foreign students away from the major urban centres, particularly those from the Third World who are often seen as "inferior" to the Japanese. Perhaps the Japanese Government feels that the majority of the Japanese are not yet mentally prepared for an influx of foreigners, but then when would be the right time? Another possibility could be the prohibitive price of real estate in the major cities. Land is incredibly expensive in Japan. A few hundred square feet in downtown Tokyo or Yokohama or even neighbouring cities would cost several hundred million dollars which would have to be paid for by the Japanese Government. Moreover, almost all real estate in these big cities is owned or controlled by major conglomerates and businessmen who see no purpose in letting or donating their properties to non-profit-making activities.

Fourthly, Japan projects itself as a teacher of Southeast Asians by setting the rules and terms for exchange. Rarely does it make amendments or adopt new ways to make the exchanges more productive. A fine example is Japan's chauvinistic attitude towards its language. The Japanese Government does not make any serious effort to improve foreign language proficiency of Japanese officials overseas to enable better communication with the local communities. Neither is the Japanese Government nor private corporations actively promoting the study of the languages of the developing countries, as well as those of the developed ones, by the Japanese people to foster warmer relations. Instead, it makes available more financial and human resources to teach the Japanese language overseas to encourage more Southeast Asians and peoples of other developing and developed countries to learn Japanese. Since Southeast Asians are generally more familiar with English, they prefer to study in the United

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TABLE 6
International Exchange Fund: Activities by Categories

Year	*Amount Allocated*	*Japanese Language and Japanese Studies*	*Personnel Exchanges*	*Exhibits and Shows*	*Audio-Visual Equipment Donations*	*Data Collection*	*Overseas Offices*	*Others*
1984	¥4,552 million	40.1%	27.4%	16 %	8.3%	6.6%	1.6%	
1985	¥4,703 million	39.2%	28.3%	15.3%	6.9%	5.6%	2.7%	2.0%
1986	¥4,775 million	37.9%	28.5%	13 %	8.4%	6.2%	2.5%	3.5%
1987	¥5,501 million	38.4%	24.9%	14.1%	7.7%	5.4%	4.9%	4.6%
1988	¥5,346 million	38.6%	27.1%	14.1%	7.5%	6.2%	3.0%	3.5%

SOURCE: Ministry of Foreign Affairs, Japan, *Green Paper on Foreign Affairs*, 1990.

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States, Australia, Britain, and other English-speaking countries, leaving Japan as a poor fourth or fifth choice for overseas studies.

Japanese chauvinism is built upon the populace's island-country mentality and reinforced by the meteoric rise of Japan in the post-war years. These have contributed to the creation of a generation of Japanese élites in their forties and fifties who regard themselves as superior to Asians (a category in which they do not include themselves).[53] But Southeast Asians regard the Japanese as Asians and equals because of the latter's physical appearance and Japan's geographic location. Southeast Asian élites are also piqued by frequent Japanese assertions of its people's "uniqueness" and "cultural oneness", when Southeast Asians take pride in their ethnic and cultural diversity. Japanese residing in Southeast Asia and elsewhere often distance themselves from the local community, confirming foreign perceptions of Japanese aloofness and clannishness.

The vast majority of ASEAN élites prefer degrees from American and British institutions. Japan is not a first choice among Southeast Asians who wish to study abroad for very practical reasons. Employment opportunities are now more readily available for graduates of Japanese institutions because of increased Japanese presence in banking and manufacturing, but prospects for career advancement remain grim. Other foreign or indigenous businesses may hire them for their knowledge of the Japanese language and familiarity with Japanese culture which are helpful when trading with Japanese firms, but promotion prospects are poor as most of these graduates lack adequate management training in Japanese institutions to prepare them for higher managerial positions in the corporate setting. Holders of Japanese degrees face another disadvantage: Japanese degrees are still discriminated against those of Western institutions, as well as those of top academic and technical institutes in their native countries.[54]

Fifthly, some Southeast Asian élites suspect Japan's political and economic motives for cultural exchange. They consider the onslaught of Japanese businesses, products, fashion, language studies, and music as a Japanese "cultural invasion".

Conclusion

The attitude of contemporary ASEAN élites towards Japan is marked by contradictions. Most ASEAN élites acknowledge the fact that their country's development is tenaciously linked to co-operation with Japan as an undeniable reality; however, they caution against Japan's hegemonic ambitions as it expands its presence in Southeast Asia. The majority of these élites accept the necessity for Japan to assume a greater regional and world role for their benefit as much as for Japan's; yet, there are

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also fears of Japanese rearmament consequent upon Japan's expanding global responsibilities.

At present there is no strong visible opposition to Japan's economic predominance in the Southeast Asian countries, but anti-Japanese sentiments may surface if Southeast Asians see their national sovereignty threatened by Japan's ambitions. Already there are critical remarks from some ASEAN élites that Japanese investments could destroy indigenous economic incentives and aggravate competition in the infant industries of the host economy.

So far, Japan's efforts at fostering better mutual understanding have scored limited success. Japan's lack of sincerity and commitment certainly contributed to the lukewarm response from ASEAN. Japan is improving and expanding its exchange programmes. It is now more responsive to ASEAN demands, although there is still much room for improvement in both the administrative structure and quality of its exchange programmes. Besides improving government programmes, however, the Japanese Government should consider enlisting private participation, possibly even transferring the centre of initiative from the government to the private sector. Commercial firms could probably do a better job than the government because they have resources such as their factories, offices and research departments ready at their disposal for technology transfer and management and technical training. Japanese companies should welcome the invitation to participate as they are the immediate beneficiaries in cultivating the ASEAN élites. At present, many investment plans are hampered by the shortage of Japanese personnel for overseas posting.[55] Many Japanese are reluctant to go overseas even with the attraction of big houses, cheap food, and travel because of the relative lack of personal safety in some foreign countries, compared to Japan which is almost crime-free. For example, some Japanese executives in the Philippines were kidnapped by the New People's Army, the communist guerrillas. Japanese executives are also reluctant to go overseas because it is difficult to introduce their children back to the vigorous Japanese education system. For a successful career in Japan's corporate world and bureaucracy, a Japanese high school diploma and university degree are deemed absolutely essential. It is then a matter of necessity that Japanese firms employ more ASEAN management personnel for their overseas operations in the region. Simultaneously, these Japan-trained ASEAN élites could become "liaison agents" to lobby for Japanese government and business interests in their own countries, particularly in the light of increased competition from other foreign investors, such as Taiwan and South Korea, in addition to the United States.

ASEAN co-operation is important to the successful implementation

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of the comprehensive national security strategy. Hence, the Japanese Government is promoting better understanding between the governments and peoples of Japan and ASEAN to foster mutual appreciation of their national goals and problems. The cultivation of a new generation of ASEAN élites who are more understanding and sympathetic to Japanese interests would be beneficial to future Japan–ASEAN co-operation. These power élites can decide and influence the course of development in Southeast Asia. They can determine the future of Japan–ASEAN relations and the role Japan can assume in Southeast Asian affairs. Immediate amendments to Japan's current ASEAN policy are, therefore, necessary. Japan must not miss this opportunity to cultivate ASEAN élites in the interest of Japan and its relations with ASEAN.

NOTES

1. Rodney Tasker, "Wedded to Success", *Far Eastern Economic Review*, 3 May 1990, pp. 49–50.
2. C. Wright Mills, *The Power Elite* (London: Oxford University Press, 1956), pp. 270–77, 296–98.
3. Trade with the ASEAN economies accounted for 8.1 per cent of Japan's international trade in 1988. See "Japan's Leading Trading Partners (1986–88)", *Japan 1990: An International Comparison* (Tokyo: Keizai Koho Center, 1989), pp. 40, 41.
4. In 1988, 17.4 per cent of all Japanese crude oil imports came from Southeast Asia. Indonesia is the third largest supplier of crude oil to Japan after the United Arab Emirates and Saudi Arabia. Japan also buys natural gas from Malaysia and Indonesia. See "Crude Oil Imports into Japan by Country of Origin (FY1980–1988)", *Japan 1990: An International Comparison* (Tokyo: Keizai Koho Center, 1989), p. 66; Japan Tariff Association, *Foreign Trade Almanac* (1987); and Hideo Matsuzaka, "Future of Japan–ASEAN Relations", *Asia-Pacific Community* (Summer 1983), p. 13.
5. The total sum should be much higher if it includes investments made by local Japanese subsidiaries. See "Japan's Direct Overseas Investment by Region and Country", *Japan 1990: An International Comparison* (Tokyo: Keizai Koho Center, 1989), p. 56; and Jon Woronoff, "Japan in Asia: Revving up Japan-ASEAN Relations", *World Executive's Digest* (June 1990), p. 46.
6. "Flight of a Lame Duck", *Time*, 8 May 1989, p. 18.
7. The Comprehensive National Security Strategy was introduced in the early 1970s. National political, economic, and defence interests are linked and promoted through "non-military" means, with heavy emphasis on utilizing Japan's global economic clout, and supplemented by non-economic activities, such as education, cultural and athletic exchanges, and active international participation. See Sueo Sudo, "From Fukuda to Takeshita: A Decade of Japan-ASEAN Cooperation", *Contemporary Southeast Asia* 10, no. 2 (September 1988): 131; and *White Paper of Japan 1983–84* (Tokyo: Japan Institute of International Affairs, 1985), p. 45.
8. See *White Paper of Japan 1983–84* (Tokyo: Japan Institute of International Affairs, 1985), p. 45.

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9. In 1988, Japanese businesses spent about US$16.5 billion on U.S. real estate and nearly US$13 billion in acquiring ownership interest in various American companies. Across the Atlantic in the European Community, Japanese combines are investing aggressively to prepare for the Community's integration in 1992. Japanese firms have either entered into joint venture agreements or independently set up manufacturing operations in the European Community; for example, Toyota will build a US$12 billion assembly plant in Britain and Nissan has been producing cars since 1986. See "Japan Goes Hollywood", *Newsweek*, 9 October 1989, p. 10; and "Battleground", *Newsweek*, 2 October 1989, p. 11.
10. See Sudo, "From Fukuda to Takeshita", p. 131.
11. The ASEAN region now purchases nearly 10 per cent of all Japanese exports. This may seem trivial compared to the U.S. and European purchases from Japan but the region's demand for Japanese consumer and industrial goods is expected to strengthen with the increasing dynamism and affluence of these economies. See Muthiah Alagappa, "Japan's Political and Security Role in the Asia-Pacific Region", *Contemporary Southeast Asia* 10, no. 1 (June 1988): 20.
12. Jon Woronoff, "Japan in Asia", p. 45.
13. Ibid.
14. Bilateral aid, loans and infrastructural construction remain the major components of Japan's aid programme, though today only a small fraction of Japan's aid remains tied. Grants and technology transfers are assuming larger proportions of Japan's aid to the Third World. See Jon Woronoff, "Japan in Asia", p. 46; Alan Rix, "Japan's Foreign Aid Policy: A Capacity for Leadership", *Pacific Affairs* 62, no. 4 (Winter 1989/90): 466; and Eileen Marie Doherty, "Japan's Expanding Foreign Aid Programs", *Asian Affairs: An American Review* (Fall 1987), p. 138.
15. In the past two years, Japan actively mediated between the different factions in the Kampuchean conflict. Tokyo hosted a conference in June 1990 for the various Cambodian factions to set up a framework for a United Nations-sponsored plan to end the Cambodian conflict. See "Learning to Drive a Car for Four", *Asiaweek*, 21 September 1990, p. 22.
16. Also of concern is the domestic public sentiment towards military fortification and the existence of Article 9 of the country's post-war "pacifist" constitution which renounces the right to belligerence and the maintenance of air, land, and sea forces. For a discussion of the Japanese public sentiment, see Cheng Chin-wee et al., eds., *Korea and Japan in World Politics* (Korea: Korea Association of International Relations, 1985), pp. 104, 106, 107.
17. See Alan Rix, *Japan's Economic Aid: Policy Making and Politics* (London: Croom Helm, 1980), p. 39.
18. William L. Brooks and Robert M. Orr, Jr., "Japan's Foreign Economic Assistance", *Asian Survey* 25 (March 1985): 325; and Robert Guillain, *The Japanese Challenge* (New York: L.B. Lippincott Co., 1970), pp. 242, 243.
19. Japan Cabinet Research Office, *Chosa Geppo* (Research Monthly) 14, no. 12 (December 1969): 14; and for a more detailed discussion of the importance of these sea routes of transport to Japan's security, see Tsuneo Akaha, "Japan's Response to Threats of Shipping Disruption in Southeast Asia and the Middle East", *Pacific Affairs* 59, no. 2 (Summer 1986): 255–77.
20. Khong Kim Hoong, "Malaysia-Japan Relations in the 1980s", *Asian Survey* 27 (October 1987): 1095–108.
21. For instance, the average interest rate of loans from the Development Assistance Committee of the Organization for Economic Co-operation and Development throughout

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the 1970s was only 2.6 per cent, with an average grace period of 7.5 years and a repayment period of 29.7 years, compared to the Japan Export-Import Bank's 6.5 per cent, and a much tighter repayment schedule. See Jon Halliday and Gavan McCormack, *Japanese Imperialism Today: Co-Prosperity in Greater East Asia* (London: Penguin Books, 1973), pp. 29, 30; and F.C. Langdon, *Japan's Foreign Policy* (Vancouver: University of British Columbia, 1973), p. 171.

22. Ibid.
23. These street riots came to be known as the "Tanaka riots". They were a series of demonstrations that occurred in Indonesia during Tanaka's ASEAN tour in 1974. Rotten vegetables, stones and other objects were thrown at Tanaka and at least one student was killed in the melée.
24. See "Singapore", *Asia 1990 Yearbook* (Far Eastern Economic Review, 1990), p. 215.
25. Japan joined the Colombo Plan in 1954. The Plan's objective was to engender co-operation in economic development in South and Southeast Asia. See Kernial Singh Sandhu and Eileen P.T. Tang, eds., *Japan as an Economic Power and its Implications for Southeast Asia* (Singapore: Singapore University Press, 1974), pp. 50, 51.
26. See Norton S. Ginsberg and James Osborn, "Japan and Southeast Asia: The Geography of Interdependence", *Japan, America and the Future World Order*, edited by Morton A. Kaplan and Kinhide Mashakoji (N.Y.: The Free Press, 1976), pp. 244, 245.
27. Japan's war reparations programme disbursed a total of US$1152.8 million in damages and US$737.5 million in loans to the Southeast Asian states and Burma. The Philippines received the lion's share of the payments, but out of the total of US$780 million received only US$30 million was in cash for war widows and orphans. US$500 million was in goods grants and the rest was in the form of relatively low-interest commercial loans repayable over a period of twenty years. Indonesia received US$223 million over a twelve-year period and commercial loans of up to US$400 million. Thailand received a total of US$41.7 million worth of shipping vessels and capital goods, while Singapore was alloted US$17 million in grants and loans. Halliday and McCormack, *Japanese Imperialism Today*, pp. 21–23; and Ginsberg and Osborn, "Japan and Southeast Asia: The Geography of Interdependence", pp. 244, 245.
28. University of Malaya, *Japanese Economic Influence in Southeast Asia* (Kuala Lumpur: University of Malaya, 1970), pp. 208, 210, 211, 297.
29. Ibid., pp. 213, 215.
30. Ministry of International Trade and Industry, Japan, *Economic Cooperation: Present Status and Problems* (1987), pp. 175, 198, 211, 215, 231.
31. University of Malaya, *Japanese Economic Influence in Southeast Asia*, pp. 207, 208.
32. "Coprosperity by Peaceful Means", *The Economist*, 17 June 1989, p. 16.
33. See Patya Saihoo, "Problems in ASEAN-Japan Cultural Exchange", *Asia-Pacific Community* (Summer 1979), p. 1.
34. The Fukuda Doctrine outlined several points delineating the future courses of Japan–ASEAN relations and Japan's role in the region: 1) that Japan will not become a military power; 2) that Japan intends to expand cultural, social, and political ties with ASEAN along with the economic ones; 3) that Japan wishes to co-operate with ASEAN as "equal partners" while working for stable relations with the Indochinese states; and 4) that Japan will double its aid to ASEAN in five years, and raise imports from and investments in Japan. See Donald G. Hellmann, "Japan and Southeast Asia: Continuity Amidst Change", *Asian Survey* 19 (December 1979): 1195–196; and William W. Haddad, "The Fukuda Doctrine", *Contemporary Southeast Asia* 2, no. 1 (June 1980): 23–29.
35. Patya Saihoo, "Problems in ASEAN-Japan Cultural Exchange", p. 2.

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36. Brooks and Orr, Jr., "Japan's Foreign Economic Assistance", p. 331.
37. Sudo, "From Fukuda to Takeshita", p. 134.
38. Ibid.
39. *ASEAN: Annual Report of the ASEAN Standing Committee* (Jakarta: ASEAN Secretariat, 1987–88), p. 126.
40. *ASEAN: Proceedings of a Conference: 21st Ministerial Meeting and Post-Ministerial Conferences with the Dialogue Partners* (Bangkok: ASEAN Secretariat, 1988), p. 94.
41. "PHP Scholarship", *Japan Foundation Newsletter* 16, no. 4 (March 1989): 11.
42. "Asian and Pacific Organizations", *Asia 1989 Yearbook* (Far Eastern Economic Review, 1989), p. 63.
43. *ASEAN: Annual Report of the ASEAN Standing Committee*, p. 23.
44. See Nukazawa Kazuo, "Japan-ASEAN Trade Relations", *ASEAN-Japan Relations: Trade and Development*, edited by Narongchai Akrasanee (Singapore: Institute of Southeast Asian Studies, 1983), pp. 172–74.
45. Toba Reijiro, "ASEAN Development Strategy and Japanese Cooperation", *Asia-Pacific Community* (Spring 1984), p. 80.
46. Ibid.
47. See "Focus on Foreign Aid", *Japan Echo* 16, no. 1 (Spring 1989): 7.
48. Ministry of Foreign Affairs, Japan, *Green Paper on Foreign Affairs* (1990), p. 135.
49. "Coprosperity by Peaceful Means", *The Economist*, 17, June 1989, p. 16.
50. Ibid.
51. Mera Koichi, "Problems in Aid Program", *Japan Echo* 16, no. 1 (Spring 1989): 16–17.
52. Ministry of Foreign Affairs, Japan, *Green Paper on Foreign Affairs* (1990), p. 94.
53. "Coprosperity by Peaceful Means", *The Economist*, 17 June 1989, p. 18.
54. For an evaluation of Japanese training programmes through the eyes of ASEAN trainees, see Lyn G. Valladores et al., "ASEAN trainees of JICA view Japan", *Asia-Pacific Community* (Spring 1983), pp. 103–5.
55. Ibarra C. Gutierrez, "Japan in Asia: Japanese Investments in ASEAN", *World Executive's Digest*, June 1990, p. 52.

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Indonesia–Vietnam Relations Under Soeharto

LEO SURYADINATA

This article attempts to examine bilateral relations between Indonesia and Vietnam during the New Order government, with special reference to the internal differences over the strategic threat perception of China and the ASEAN stand on the Cambodian question. It also discusses Indonesia's desire to play an effective role as a regional power in Southeast Asia.

Indonesia and Vietnam are the two countries in Southeast Asia that achieved their independence through revolution. As a result of this common historical experience, leaders of the two countries have emphasized this point from time to time.[1] They even argue that this common experience has formed the basis of Indonesian–Vietnam relations.[2] How true is this assertion? What is the nature of their relations? Has the communist ideology been a major factor in the relations between communist Vietnam and anti-communist Indonesia? What has really determined bilateral ties and what are the prospects? This article attempts to examine these questions with special reference to the Soeharto period.

Origins of the Relations

Indonesia, which emerged after the 1945 Revolution, has had informal contact with the Vietnamese since the 1940s. However, diplomatic ties between Jakarta and Hanoi were only established after the Afro–Asian Conference in Bandung in 1955. Jakarta set up a consulate-general in Hanoi in December 1955, three months after it had established a consulate-general in Saigon.[3] This policy of equidistance towards the two Vietnams was

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eventually abandoned during the Soekarno period when revolutionary fervour was growing. Indonesia's foreign policy was moving towards the left.

In 1959, Ho Chi Minh was invited to visit Indonesia and was conferred an honorary degree by an Indonesian regional university. In the same year, Soekarno returned the visit. When the Vietnam War escalated, the Indonesian élite, many of whom had been involved in the anti-colonial movement, was sympathetic to the North Vietnamese. They often considered the South Vietnamese as puppets of the United States. On 10 August 1964 Soekarno finally decided to upgrade the diplomatic relations between Jakarta and Hanoi to ambassadorial level.[4] This led to the suspension of diplomatic ties between Jakarta and Saigon. Jakarta also closed the consulate office in Saigon.[5]

Soon after this, Indonesia decided to recognize the National Liberation Front of South Vietnam (NLFSV) and allowed the establishment of its representative office in Jakarta. Indonesian relations with communist states, including North Vietnam, became much closer. Together with the People's Republic of China (PRC), they formed what was known as the Jakarta–Hanoi–Phnom Penh–Beijing–Pyongyang axis.[6] This was the so-called honeymoon period, not only between Indonesia and the PRC, but also between Indonesia and North Vietnam. However, the fall of Soekarno after the 1965 coup and the rise of the anti-communist Soeharto government abruptly ended this honeymoon period. Indonesia's foreign policy was also adjusted. Nevertheless, Jakarta–Hanoi diplomatic ties were maintained during the Soeharto era while Jakarta's relations with Saigon were never resumed. This created an impression that Soeharto's Indonesia was still close to Hanoi. This impression is not entirely correct.

A Subtle Shift

In fact, there was a gradual and subtle shift in Indonesian policy towards Hanoi. It should be noted that after the 1965 coup, the Communist Party of Indonesia (PKI) was dissolved and Marxism–Leninism was banned. Vietnam was critical of the new Indonesian authorities, and openly sided with the PKI.[7] It is not clear what happened to Jakarta–Hanoi relations after October 1967, following the suspension of relations between Jakarta and Beijing. There were two contradictory versions: Hardi, who was the Indonesian ambassador to Hanoi between 1976 and 1979, maintained that there was a severance of diplomatic ties between Jakarta and Hanoi prior to 1973. (Hardi did not make it explicit as to who took the initiative to break the ties.) However, Adam Malik and others noted that the ties were never severed.[8] Why was there this confusion?

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It appears that after the communist coup in 1965, Indonesia attached lesser significance to its foreign relations with socialist/communist states. However, there was no severance of ties between Jakarta and Hanoi. Even with the PRC, the Indonesian Government called it a "freezing of diplomatic ties", although in reality, it was equivalent to suspension of relations. However, unlike Indonesian relations with the PRC, Jakarta's relations with Hanoi did not reach a critical point. The Indonesian ambassador during that period was Soetrisno, an ex-senior journalist of the *Bintang Timur* who is believed to have been a communist.[9] Soetrisno was recalled but refused to return to Jakarta. Hanoi was critical of the new Indonesian authorities and relations between the two countries became estranged, but were not "frozen".[10] When Soetrisno later look refuge in the PRC and Eastern Europe, there was no Indonesian ambassador in North Vietnam. Nevertheless, a chargé d'affaires headed the Jakarta mission in Hanoi.

It would appear that Indonesian–Vietnam relations were maintained because of several factors: first, North Vietnam did not play a significant role in the 1965 coup although it was then an ally of the PRC. It is also important to note that there is no "overseas Vietnamese community" in Indonesia which is as influential as the ethnic Chinese minority. Secondly, Adam Malik, with the endorsement of Soeharto, wanted to project a non-aligned Indonesian foreign policy under the New Order. Thirdly, there was a certain admiration among Indonesian leaders for the north Vietnamese struggle against major Western powers.

However, during the New Order period, the Indonesian view towards North Vietnam was divided. The nationalists (such as Adam Malik and Ruslan Abdulgani) were indeed still sympathetic to North Vietnam (they perceived North Vietnam more as a nationalist than a communist nation) which had struggled against foreign domination, first against Imperial China, and later against France and the United States.[11] However, there was an indication that some military leaders (for instance, Ali Murtopo) were suspicious of the communist states (including North Vietnam). They were more cautious when dealing with the Vietnamese.

The subtle change of policy took place as early as 1968 when Soeharto visited Sihanouk's Cambodia. At the end of his visit, a communiqué was published in which Jakarta expressed its continuing support for Sihanouk's Cambodia. Although the communiqué also mentioned the struggle of the Vietnamese people, Indonesia expressed its hope that a political rather than a military solution would be achieved.[12] It is quite different from Soekarno's policy which advocated the military victory of the Viet Minh (the Vietcong), alias National Liberation Front of South Vietnam (NLFSV), over the Saigon government.

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Another example also shows that Soeharto's Indonesia was very careful in dealing with the NLFSV issue in the Non-Aligned Movement (NAM) meeting. In 1972, Indonesia and Malaysia walked out of the NAM foreign ministers' meeting in Guyana because the NLFSV was admitted as a full member rather than as an observer. The Indonesian Foreign Ministry document (published in 1974) showed that Indonesia (represented by Malik) was sympathetic to the NLFSV but did not feel that it should be granted full NAM-member status, which is reserved for a sovereign state.[13] (At that time the NLFSV was still struggling to overthrow the South Vietnam government). Perhaps the Indonesian (and also Malaysian) objection was that this would not only create a precedent but also encourage rebellion, which would not be in Indonesia's (and also Malaysia's) interest.

When Sihanouk was overthrown by Lon Nol, who was supported by the United States, the Soeharto government did not oppose the new regime. In 1970 it even sponsored the Jakarta conference advocating a peaceful solution to the Indochinese problem.[14] North Vietnam (at that time Jakarta–Hanoi ties were no longer cordial) and other socialist states were invited but all turned down the invitation. The boycott indicated that Hanoi considered Indonesian foreign policy as hostile towards the socialist bloc.

Improvement of Ties

Jakarta–Hanoi relations continued to be cold but official contacts were maintained. Adam Malik was eager to have a working relationship with the Vietnamese and the latter was also responsive towards Indonesia's overtures. In 1973, Indonesia eventually sent an ambassador to Hanoi without asking Vietnam to sever its links with the PKI. In fact, as late as in 1976 Hanoi still wanted to invite the PKI in exile to attend its Communist Party congress.

It is important to note that Indonesia did not object to Vietnam conducting a dual-track foreign policy (that is, state-to-state and party-to-party relations). It was interested in maintaining contact with Vietnam. To do this, Jakarta even sent civilian ambassadors to Hanoi rather than military men as had been the practice soon after the coup. First, it was Usep Ranuwidjaja (of the Indonesian Nationalist Party or PNI) and in 1976, Hardi, who was also from the PNI.[15] According to Hardi, Soeharto told him that "he was not yet able to put a military or a career diplomat as an ambassador in Hanoi. On the contrary, in order to have frank discussions with the Vietnamese government, a nationalist is needed to head the Indonesian representative office in Hanoi".[16] Why was Jakarta eager to communicate with the Vietnamese? Perhaps, it had something to do with Adam Malik who was keen to project the non-aligned image of post-coup

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Indonesia. Soeharto and his generals might also have felt that it was important to cultivate Vietnam because of its strategic position *vis-à-vis* the PRC.

When Hardi took over the ambassadorship, he wanted to persuade the Vietnamese not to recognize and assist the PKI, which was an illegal movement in Indonesia. He went to see Nguyen Co Thach who was then the deputy foreign minister of Vietnam.[17] However, a top party leader who was with Thach in his office told Hardi that Vietnam would not abandon its support for the PKI. Hardi asked him whether or not this was the official view of Hanoi. Nguyen Co Thach hurriedly explained that it was not. "It was the standpoint of the Communist Party of Vietnam," said Thach.[18] This confirms that Vietnam was still pursuing the dual-track policy (similar to the PRC). In addition, Vietnam was supporting the Fretilin in East Timor and opposed the Indonesian annexation of the ex-Portuguese colony.[19] Hardi also noted that the Vietnamese Government was very hostile towards the Indonesian embassy personnel in Hanoi. Despite this hostility, Jakarta never "froze" its relations with Hanoi nor condemned Vietnamese ties with the PKI. The explanation lies in the Indonesian military's perception of Vietnam — the military did not think that Vietnam would pose a security threat to Soeharto's Indonesia.

Towards the end of 1976 when Vietnam was planning to hold a communist party congress, Hardi learnt that the PKI leaders in Beijing were to be invited. He then went to see Phan Hien, the then Deputy Foreign Minister, to register his concern. He said that Indonesia would protest strongly if the PKI leaders were invited.[20] A few days later, the Vietnamese Foreign Ministry informed Hardi that Hanoi had made a decision not to invite the PKI leaders to attend the Vietnamese Party Congress in 1976.[21] Hardi thus thought that Vietnam was making a wise decision as a result of his diplomatic offensive.[22] In fact, Hanoi had decided to distance itself from Beijing. It was during this congress that the Vietnamese purged all the pro-Chinese elements within the Vietnamese Communist Party, and the relationship between Beijing and Hanoi deteriorated.[23] The decision not to invite the PKI, which was pro-Beijing, was not a loss to Vietnam. In fact, it won a friend. As the rift between Hanoi and Beijing widened, the Vietnamese attitude towards Indonesia also improved greatly. Apparently, Vietnam intended to gain Indonesian support in its confrontation with the PRC.

Before the Vietnamese invasion of Cambodia, Pham Van Dong made a trip to the region offering a treaty of friendship to the ASEAN states. He also promised that Vietnam would not interfere in the domestic affairs of these countries. Even in the United Nations, the Vietnamese who used to be ardent supporters of Fretilin, abstained during the discussion on the

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East Timor issue in 1978.[24] It was clear that Vietnam was attempting to woo Indonesia in its anticipated dispute with the PRC over the Kampuchean issue.

In December 1978, at the invitation of Heng Samrin (who was installed by the Vietnamese) Vietnam invaded Cambodia which was under the Khmer Rouge. The ASEAN states, including Indonesia, expressed their disapproval and urged Vietnam (without mentioning its name) to restrain and withdraw its troops.[25] In February 1979 when the PRC invaded Vietnam in order "to teach Vietnam a lesson", the ASEAN states made a similar statement.[26]

The Indonesian newspapers, especially the army dailies, *Angkatan Bersenjata* and *Berita Yudha*, were very restrained in their reporting of the Sino-Vietnamese war. It was either straight reporting or quoting from foreign sources about the war.[27] On 5 March 1979, however, there was an editorial in the *Angkatan Bersenjata* which commented on a meeting between Soeharto and Hussein Onn (then Malaysian Prime Minister) in Jakarta. The editorial also mentioned the Sino-Vietnamese war. Interestingly, the army daily regretted the behaviour of the Vietnamese in Cambodia. It said that Pham Von Dong had visited the ASEAN states and had promised not to assist the rebels in other Southeast Asian countries and that Vietnam was prepared to live in peaceful co-existence (in accordance with the Afro-Asian principle) with its neighbours. But the daily noted that Dong had not kept his promise because Vietnam had helped the Cambodian rebels to take over Phnom Penh and establish a government.[28] The daily also said that China had invaded Vietnam because the Pol Pot regime that it supported had collapsed and the ethnic Chinese were being harassed by the Vietnamese. ASEAN (including Indonesia) was extremely concerned with the situation.

On 7 March 1979, Indonesia and Malaysia agreed to contact the conflicting parties to help solve the conflict, and on the following day there was also a report that Chinese troops would be withdrawn.[29] Again in the editorial of *Angkatan Bersenjata*, the army daily commented that the announcement was encouraging. It stated that Vietnam had requested Mochtar Kusumaatmadja, the new Foreign Minister of Indonesia, to use his good offices in helping to solve the border dispute between Hanoi and Beijing. There was also a report that Indonesia was prepared to be the host for the negotiations between Hanoi and Beijing.[30] However, the next day Mochtar made a statement denying the offer. Both the Foreign Ministry and the Army were careful in expressing their opinion on the Sino-Vietnamese war.

Although some of the military leaders were disappointed that the Vietnamese had broken their promise (that Hanoi would not interfere with

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the internal affairs of other countries), they were alarmed by the Chinese willingness to resort to force to settle its differences with Vietnam. It was clear that soon after the Chinese invasion of Vietnam, the Indonesian attitude towards the Vietnamese changed. As noted earlier, prior to the war, some military leaders, despite their sympathy for the North Vietnamese, had remained suspicious of their communist ideology. However, after the war, there was a clear indication that the Indonesian military saw the region in strategic terms and was more concerned with the PRC's behaviour. The Indonesian military feared that the PRC might use military means to solve conflicts in the future and, hence, reconfirm the notion that China is a long-term threat.

General Benny Murdani, then chief of the Military Intelligence Body was reported to have visited Hanoi twice. The first was in May 1980 when he flew to Hanoi, and the other was in early 1981 when the United Nations was discussing the Kampuchean issue. On both trips he wanted to sound out Vietnam on the same issue.[31] It was also reported that on his second trip he discussed the border dispute with Vietnam over the Natuna Islands. In fact, the Vietnamese said that the planned continental shelf negotiations in Jakarta would depend in part on ASEAN's stance in the United Nations over the Kampuchean issue.[32] The result of the visit was not announced. However, there was a report that Vietnam had given up its claim over the Natuna Islands.[33] It was later reported that both countries had made no headway in the boundary talks.[34] In 1982, General Murdani made another trip to Hanoi but there was no information on this trip.[35] It is very likely that Murdani was trying to promote closer co-operation with the Vietnamese.

It was this strategic concern — that of the possible expansion of the PRC towards the south — which caused the Indonesian military to be more friendly with Vietnam after 1979. It was not surprising, therefore, that Soeharto and Hussein Onn decided to announce the Kuantan Principle in March 1980 — to prevent Vietnam from further draining its own resources. It also attempted to prevent Vietnam from being entrenched in the Soviet camp.

Two Positions

The Department of Foreign Affairs and the military did not share the same views concerning Vietnam, especially regarding the Kampuchean issue. It was reported that the Foreign Affairs Department, then represented by Mochtar, was more in line with the common stand of the ASEAN states. It considered the Vietnamese behaviour in Kampuchea to be aggressive

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and going against the international norm of the territorial integrity of a sovereign state.[36] This stand, of course, got the support of President Soeharto. However, the military group was sympathetic to the Vietnamese venture. According to a reliable source, the Indonesian military leaders, including Benny Murdani, agreed that the Vietnamese had the right to unify the south and even the whole of French Indochina, just as Indonesia had the right to liberate West Irian (now Irian Jaya) and "integrate" East Timor into Indonesian territory.[37] However, this view was not made public. The Indonesian leaders were cautious in public, but it is apparent that there was a dual Indonesian policy towards Vietnam.

It seems that the military's view of Vietnam gradually prevailed over that of the Foreign Affairs Department, and ultimately also received the support of Soeharto. In 1984, for instance, one can see that the Indonesians took a greater initiative in trying to solve the Kampuchean issue by having better relations with the Vietnamese. It has been argued that Soeharto had since 1984 wanted to be recognized as a regional leader. It is not surprising then that Indonesia decided to sponsor the thirtieth anniversary of the Bandung Conference in Jakarta and to help solve the Kampuchean problem. Later, Indonesia also wanted to contest the chairmanship of the NAM conference.

Closer Ties

The year 1984 is important because it was in that year that Indonesia, or at least the military, took a major initiative in order to win over the Vietnamese. In March 1984, Benny Murdani went to Vietnam again.[38] During his visit, Murdani, then the Army Chief of Staff, publicly stated that Vietnam did not pose any threat to Southeast Asia.

His statement created an uproar among the ASEAN states, especially Thailand and Singapore who perceived Vietnam as the immediate threat. He later clarified his statement that it did not mean that he was happy if "Vietnam remains in Kampuchea". But he did not revise his statement on the threat issue. In fact, he noted that this was also the assessment of the military leaders in Jakarta. Murdani was quoted as having said that he held that view before visiting Vietnam, and reconfirmed this view after the trip.[39] Following Murdani's visit, there was also an announcement that Hanoi planned to send a military attaché to Jakarta.[40] Later in the year, Murdani gave an interview to Reuters stating that "Vietnam and the rest of Southeast Asia should forge closer ties to face the potential threat from a strong China in the next century".[41] It is interesting to note that General Murdani, who is staunchly anti-communist, was perceived to be Hanoi's "special friend". The *Far Eastern Economic Review* reported that

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when he was moved from the post of armed forces chief to defence minister in the 1988 Cabinet reshuffle, the Vietnamese Embassy in Jakarta was busy "sounding out other embassies if Murdani's new post will mean the erosion of what Hanoi views as a special bilateral relationship with Indonesia".[42]

The Indonesian attempt to develop better relations with Vietnam can also be seen in the visit of the Vietnamese Foreign Minister Nguyen Co Thach in March 1984 and the holding of the first Indonesia–Vietnam seminar prior to Thach's visit. The seminar was sponsored by the Centre for Strategic and International Studies (CSIS) but it was clear that it had received the green light from Soeharto and Hankam (Department of Defence and Security). The seminar was held in Hanoi and the Indonesian delegation included those from the CSIS and the government (also from the military). The Vietnamese delegation included high-ranking leaders such as Pham Van Dong and Nguyen Co Thach. However, the seminar did not result in any concrete resolution.

The visit of Thach was particularly significant because he was received by Soeharto. Mochtar later disclosed that Soeharto had suggested a possible modification of the ASEAN proposals when he met Thach. According to Mochtar, Soeharto suggested that Hanoi take part in a proposed international force that would police gradual withdrawals of Vietnamese troops. This was aimed at allaying Vietnamese fears that the proposals, contained in ASEAN appeals for Kampuchean independence launched in September 1983, did not take Hanoi's security interests into account.[43] However, one source also reveals that Soeharto suggested that Vietnam hold West Irian-type elections in Kampuchea which would legitimize the Vietnamese presence in Kampuchea. However, Thach made a blunder and rejected the proposal out of hand.

Mochtar, who later said that it was a golden opportunity that Thach missed, admitted that the proposal had not been endorsed by the ASEAN states. One source argued that Soeharto would convince his ASEAN counterparts once the Vietnamese accepted the offer.[44] Perhaps Indonesia felt that the proposal would eventually be accepted by the other ASEAN states. However, since it was not accepted by Thach, there was no need to discuss this among the ASEAN members. Mochtar later stated that Indonesia was "calling off overtures on Cambodia".[45]

In fact, the overtures did not stop as evidenced in the second Indonesia–Vietnam seminar and the visit of the Vietnamese Defence Minister. The second seminar was held in February 1985 in Jakarta and it was attended by some high level Vietnamese as well.[46] The CSIS reported that there was no new development on the discussion of the international issue, and the stumbling block was still the question of the Khmer Rouge. Hanoi refused to accept the Khmer Rouge as part of the government. One day after the

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meeting, there was a discussion between the CSIS and the Indonesian parliament's foreign relations committee. Jusuf Wanandi, a leader in the CSIS, argued at the meeting that if the situation dragged on, Vietnam would encounter major setbacks economically. He said that "it was the challenge to Indonesia to find a way out to solve the Kampuchean problem".[47] Apparently, Indonesia felt that solving the Kampuchean problem was one of its responsibilities as a regional power.

In April 1985, Vietnamese Defence Minister Van Tien Dung visited Indonesia. Towards the end of the visit, Murdani announced that an agreement had been reached that Hanoi would send a military attaché. A wire report also stated that an agreement was signed between Jakarta and Hanoi on military co-operation, which caused concern among Indonesia's ASEAN partners.[48] Mochtar who was returning from a NAM conference in New Delhi, however, denied categorically that there had been such an agreement. Apparently, there was a conflict between Mochtar and Murdani over the issue. However, it appears that the military's move towards Vietnam continued.

Mochtar, who was under pressure, had to look for another solution for the Kampuchean issue. Towards the end of his term, he proposed a "cocktail party", or "proximity talks", with Vietnam, which later developed into the Jakarta Informal Meeting (JIM) in 1988.[49] Mochtar went to Hanoi to persuade the Vietnamese to agree to a meeting, and the latter eventually agreed to come to Jakarta mainly because of the changing international situation. As Beijing and Moscow were attempting to improve their relations, the Vietnamese were under pressure to give some concessions. Hence, they agreed to go to Jakarta to meet the representatives of the coalition government. JIM I, which was held in Bogor (a Jakarta suburb), did not produce significant results but it was a breakthrough in the sense that all the conflicting parties were able to meet and talk for the first time. Again, the problem of the Khmer Rouge was the stumbling block for the solution of the Kampuchean problem. Phnom Penh and Hanoi wanted to exclude the Khmer Rouge from future negotiations while ASEAN wanted to involve the Khmer Rouge, at least for the time being.

The Kampuchean problem was not solved largely because of the Khmer Rouge issue. It is believed that Jakarta wanted Beijing to put pressure on the Khmer Rouge, and the announcement of the normalization of relations between the two countries in Tokyo in February 1989 was supposed to have been linked with the issue.[50] It was thought that the Chinese would make concessions, but Jakarta denied this.

However, JIM II, which was held a few days prior to the announcement of Sino-Indonesian normalization, was unsuccessful in that no agreement was reached among the warring factions. The Khmer Rouge

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was still the issue, as the ASEAN partners insisted that any solution to the Kampuchean problem should involve the former. Efforts to find a solution to the Kampuchean problem thus continued. In July 1989, Indonesia and France co-sponsored the Paris International Conference on Cambodia (ICC). The warring factions again attended the meeting but there was still no agreement. Soon after the Paris conference, Japan hosted a meeting between Hun Sen and Sihanouk in Tokyo where the two leaders agreed to form a new coalition government to represent Cambodia at the United Nations, known as the Supreme National Council. The council would consist of six members from the Hun Sen regime and six from the CGDK (Coalition Government of Democratic Kampuchea). But this was not accepted by the Khmer Rouge which intensified its military operations against the Hun Sen regime. However, there was no clear winner in the battle-field.

In February 1990 there was an informal meeting again in Jakarta aimed at finding a solution to the Kampuchean problem. Prior to this, Sihanouk and Hun Sen met in Bangkok and some agreement was reached. However, when the informal meeting in Jakarta took place, Hun Sen, who had met the Vietnamese Foreign Minister, changed his mind.[51] Hun Sen insisted that the solution should guarantee that there would be no possibility for the genocidal regime, that is, the Khmer Rouge, to return to power. The CGDK began to accuse the Vietnamese of a continuing presence in Cambodia although the Vietnamese claimed that their troops had been withdrawn in September 1989 as scheduled.[52] The talks failed again and Ali Alatas, the new Indonesian Foreign Minister, was extremely disappointed.[53]

However, Indonesia continued to have a dual policy towards Vietnam. On the one hand, Indonesia still honours the ASEAN stand that in any solution to the Kampuchean problem, the Khmer Rouge should be involved; on the other hand, Jakarta and Hanoi continue to cultivate close bilateral relations. In June 1990, a high-level delegation of Vietnamese leaders led by General Vo Nguyen Giap was invited by Benny Murdani. Giap was also met by Soeharto in the presidential office at Bina Graha. Using the opportunity, Giap conveyed his government's invitation to Soeharto to visit Hanoi. The invitation was accepted but the date of the visit was to be decided later.[54] During the visit, Giap expressed his gratitude to the Indonesians and stressed the friendship between the two countries.

In July 1990, Washington announced its new policy towards Vietnam and changed its stand on the Kampuchean coalition government in the United Nations. It stated that it no longer supported the CGDK in the United Nations. This was a result of the growing Soviet–American accord on regional conflicts.[55] The American decision, which was taken without

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prior consultations, created an uneasiness among the ASEAN member states. When asked about the American move, Alatas was quoted as saying that ASEAN would adjust to the developments accordingly but it would still present a united stand.[56] Soeharto in his opening speech at the ASEAN ministerial conference in Jakarta also stated that the ASEAN states should show their solidarity but at the same time adjust to the changing international situation.[57] In other words, Indonesia would attempt to persuade the other ASEAN states to be more flexible in solving the Kampuchean issue. The United States and the ASEAN members eventually agreed to have a Supreme National Council (SNC) to replace the CGDK in the United Nations. However, the composition of the SNC at the last minute became a problem again. The Jakarta meeting on the SNC in September 1990 ended inconclusively, causing another great disappointment in Indonesia.[58] However, Indonesia did not give up. The matter was pursued again during the Soeharto visit to Beijing and Hanoi in November 1990.

In his visit to Beijing, Soeharto and his party discussed various issues, one of which was the Kampuchean problem. After meeting the Chinese leader, the Indonesian delegation also talked with Sihanouk and leaders of other warring parties in Beijing (except Hun Sen). Both Indonesia and China wanted Sihanouk to head the SNC but Phnom Penh disagreed. When Soeharto and his delegation went to Hanoi, the Kampuchean issue was also on the agenda. However, no concrete agreement was reached.

Although there was no significant result on the Kampuchean issue, the Indonesian delegation succeeded in gaining Vietnamese support for the other issues: Vietnam understood the Indonesian position on East Timor and "would help Indonesia explain the position to other countries".[59] Vietnam agreed to support Indonesia as the host for the coming Non-Aligned Conference if Jakarta was nominated.[60] Hanoi also agreed that the dispute over the Natuna islands should be settled as soon as possible in order to benefit both sides, and a special meeting on the matter was to be scheduled in Hanoi. In return, Vietnam would gain a series of economic assistance moves from Indonesia, as shown in several treaties signed by the two countries.[61]

Conclusion

Indonesian-Vietnamese relations under Soeharto are a function of Jakarta's policy towards both Beijing and ASEAN. They are a function of the former because Indonesia sees Vietnam as a buffer against China. This is based on its strategic thinking rather than their common revolutionary experience. In addition to this thinking, it appears that Indonesia after the 1982 general election had aspired to be a regional leader and was eager

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to settle the Kampuchean problem under Jakarta's leadership. Common historical experience is a factor only when it coincides with national interests as defined by the Indonesian élite in power. Otherwise, the factor would be conveniently overlooked.

However, Indonesia under Soeharto was frustrated because Vietnam did not respond to its overtures, which were, in fact, quite beneficial to the Vietnamese. There was also a desire on the part of Indonesia to settle the boundary dispute with Vietnam through friendship and negotiations. Again, Jakarta made slow progress on this matter. Nevertheless, the strategic thinking appears to be in the minds of the military leaders in Indonesia.

Jakarta's policy towards Vietnam is also a function of its relations within ASEAN. Soeharto considers ASEAN important because it serves certain useful purposes. First, it provides Indonesia with a leadership role, and secondly, it provides the region with political stability which is needed for the ASEAN states to develop economically. Not surprisingly, Jakarta went along with the other ASEAN states to have a common stand on Kampuchea.

Nevertheless, Indonesia's dual policy towards Kampuchea will continue. Despite many failures, it seems that Soeharto is still interested in having the Kampuchean problem solved under Jakarta's leadership. After all, Soeharto's Indonesia perceives itself as a regional power which should play a leading role in regional affairs.

NOTES

1. This is especially true of Indonesian leaders. In a recent editorial of an Indonesian military newspaper, it was noted that the common struggle against the colonialists for independence was the reason for Indonesia to maintain diplomatic ties with Vietnam until today. "Kunjungan Presiden Soeharto Ke Vietnam" [President Soeharto's Visit to Vietnam], *Berita Yudha*, 20 November 1990.
2. Although the leaders of the two countries emphasized their common experiences in the struggle for independence, it is worth noting that in the 1980s the emphasis on common interests shifted somewhat. Both sides, especially the Vietnamese, stressed their convergence of interest in facing China. For instance, Cao Xuan Pho, a Vietnamese historian, stated that Vietnam and Indonesia "have both been victims of Chinese expansionism and hegemonism", in "Vietnam–Indonesia Concurrences: Past and Present"; *Indonesian Quarterly* 13, no. 2 (1985): 217. Pham Binh, former deputy Foreign Minister of Vietnam, cited Murdani as being in agreement that "Vietnam and the rest of Southeast Asia should forge closer ties to face the potential threat from a stronger China in the next century", in "New Possibilities for a Peaceful Solution in Southeast Asia", *Indonesian Quarterly* 13, no. 2 (1985): 205.
3. *Dua Puluh Lima Tahun Departemen Luar Negeri 1945–1970* [20 Years of the Department of Foreign Affairs] (Jakarta: Deplu, 1971), p. 37.

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4. See Cao Xuan Pho, "Vietnam–Indonesia Concurrences", p. 221. See also Franklin B. Weinstein, *Indonesian Foreign Policy and the Dilemma of Dependence: From Sukarno to Suharto* (Ithaca: Cornell University Press, 1976), p. 131.
5. *Dua Puluh Lima Tahun Departemen Luar Negeri*, p. 40; and Weinstein, op. cit., p. 131.
6. See Soekarno's speech delivered on 17 August 1965, "Menemukan Kembali Revolusi Kita" [Meeting our Revolution Again], cited in *Dua Puluh Lima Tahun Departemen Luar Negeri*, p. 294. For a discussion on this axis, see Peter Christian Hauswedell, "The Anti-Imperialist International United Front in Chinese and Indonesian Foreign Policy 1963–1965: A Study of Anti-Status Quo Politics" (Ph.D. thesis, Cornell University, 1976), especially pp. 242–92.
7. A Vietnamese writer in 1985 claimed that from the beginning Vietnam did not side with the PKI and, therefore, relations between Jakarta and Hanoi were fine. See Cao Xuan Pho, op. cit., p. 219. This contradicted the reality. Hardi, Indonesian ambassador to Hanoi in 1976, noted that when he assumed the ambassadorship, Hanoi still supported the PKI. See Hardi, *Api Nasionalisme: Cuplikan Pengalaman* [The Fire of Nationalism: Notes of My Experiences] (Jakarta: Gunung Agung, 1983), p. 205.
8. Hardi in his memoirs stated that at one time there was a break in diplomatic relations between Hanoi and Jakarta. The ties were only resumed in 1973. See Hardi, op. cit., p. 203. However, no other writers have explicitly mentioned the severance of relations. Adam Malik, on the other hand, stated clearly in 1976 that Indonesia had always maintained diplomatic relations with North Vietnam. See *Sepuluh Tahun Politik Luar Negeri Orde Baru* [Ten Years of the New Order's Foreign Policy] (Jakarta: Yayasan Idayu, 1976), p. 12.
9. Information provided by a researcher in the Indonesian Department of Foreign Affairs.
10. Dr Lie Tek Tjeng stated that it was impossible for Jakarta to have severed diplomatic ties with Hanoi. The absence of an Indonesian ambassador does not indicate the suspension of diplomatic relations (Discussion, 1990). Lt. General Purbo S. Suwondo also commented that the ties were not suspended but there was a downgrading of relations between Jakarta and socialist/communist states after the 1965 coup (Discussion, 1990).
11. Lie Tek Tjeng, "Vietnamese Nationalism: An Indonesian Perspective", *National Resilience*, no. 1 (March 1982), pp. 72–75.
12. For the text of the communiqué, see *Komunike Republik Indonesia dan Negara2 Asia-Pasifik 1962–1969* (Communiqués of the Republic of Indonesia and Asia-Pacific Nations, 1962–1969] (Jakarta: Departemen Luar Negeri R.I., no date), pp. 99–100.
13. Suli Suleiman, *Politik Luar Negeri Bebas Aktif Republik Indonesia* [The Republic of Indonesia's Independent and Active Foreign Policy] (Direktorate Research Departemen Luar Negeri, Penerbitan no. 008/1973), p. 20.
14. For a fuller discussion on the Jakarta Conference on Cambodia, see Lau Teik Soon, *Indonesia and Regional Security: The Jakarta Conference on Cambodia*, Occasional Paper No. 14 (Singapore: Institute of Southeast Asian Studies, 1972).
15. Hardi, op. cit., pp. 205–6. It should be noted that Hardi's memoirs are informative although they may not always be accurate on some historical facts. The section on his service in Vietnam gives us rare insights into Indonesian relations with Vietnam in the mid- and late 1970s which cannot be found elsewhere.
16. Ibid., p. 199.
17. Ibid., pp. 205–7.
18. Ibid., p. 207.
19. Ibid., p. 211.
20. Ibid., p. 207.

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21. Ibid.
22. Ibid.
23. On the Sino-Vietnamese split in 1976, see William Turley, "Vietnam Since Reunification", *Problems of Communism* (Washington, D.C.: U.S. Information Agency, March–April 1977), p. 38. See also William Duiker, *The Communist Road to Power in Vietnam* (Boulder: Westview Press, 1982), p. 340. For the names of Vietnamese leaders who were purged because of their pro-Beijing attitude, see Jaap van Ginnekan, "The Third Indochina War: The Conflicts between China, Vietnam and Cambodia" (1983), p. 16.
24. Hardi, op. cit., p. 211.
25. Leo Suryadinata, "Indonesia in 1979", *Southeast Asian Affairs 1980* (Singapore: Institute of Southeast Asian Studies, 1980), p. 135. See also *Angkatan Bersenjata*, 22 February 1979.
26. *Angkatan Bersenjata*, 22 February 1979.
27. I have formed the above conclusion after examining the two newspapers. However, other Indonesian newspapers appear to be critical of the PRC. *Merdeka*, for instance, was the strongest in its condemnation of Beijing.
28. "Editorial", *Angkatan Bersenjata*, 5 March 1979.
29. *Angkatan Bersenjata*, 8 March 1979.
30. Ibid., 9 March 1979.
31. Guy Sacerdoti, "The Troubleshooter's Trip", *Far Eastern Economic Review*, 25 September 1981, p. 12. It should be noted that the subsequent report in the *Far Eastern Economic Review* by Susumu Awanohara only mentioned one trip by Murdani in 1981. Murdani made another trip only in 1982.
32. Ibid., p. 13.
33. *New Straits Times*, 13 August 1982; and *Bangkok Post*, 13 August 1982.
34. *New Straits Times*, 26 November 1984; and *Straits Times*, 26 November 1984.
35. Susumu Awanohara, "A Meeting of Minds", *Far Eastern Economic Review*, 9 February 1984, p. 19.
36. Initially, Mochtar was rather critical of the establishment of the Indochinese Federation. However, in 1984, he softened his stand. He only argued against the means used by the Vietnamese to realize their objectives. Mochtar was asked by a *Tempo* reporter: "Do you have any objections to the establishment of a kind of federation comprising Vietnam, Cambodia and Laos with Hanoi as a big brother?" Mochtar answered, "If this is done through aggression, just like the way it is done now, of course, we have objections. But we never protested the posting of the Vietnamese troops in Laos." See *Tempo*, 24 March 1984, p. 19.
37. Discussion with an Indonesian scholar, 1985. However, Dr Lie Tek Tjeng in his article also made this point but he was referring to Indonesian nationalists. See note 11.
38. *Straits Times*, 17 February 1984; and 27 February 1984.
39. Susumu Awanohara, "Murdani's Modification", *Far Eastern Economic Review*, 8 March 1984, p. 36.
40. *Straits Times*, 23 February 1984.
41. Originally published in *Jakarta Post*, 18–20 December 1984. Cited in Pham Binh, "New Possibilities for a Peaceful Solution in Southeast Asia", *Indonesian Quarterly* 13, no. 2 (1985): 205.
42. *Far Eastern Economic Review*, 14 April 1988, p. 11.
43. *Nation Review*, 17 March 1984.
44. In Mochtar's interview with *Tempo*, he stated that "the offer contained risks for Indonesia. If they were accepted by Vietnam, we would have made serious efforts to convince our colleagues in ASEAN". *Tempo*, 24 March 1984, p. 19.
45. *Straits Times*, 22 May 1984.

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46. *Nawala CSIS* 4, no. 5 (March 1985): 3–4.
47. Ibid., p. 4.
48. *Far Eastern Economic Review*, 2 May 1985, p. 17.
49. Chang Pao-min, "Kampuchean Conflict: The Diplomatic Breakthrough", *Pacific Review* 1, no. 4 (1988): 429–37.
50. *Asahi Shimbun* considered the Cambodian issue as one of the major factors for normalization. Cited in *Tempo*, 4 March 1989, p. 15.
51. "Tajuk Rencana", *Kompas*, 3 March 1990.
52. It is interesting to note that Nguyen Co Thach "conceded in New York when he met Secretary Baker a few weeks ago [that] several thousand military advisors do remain in Cambodia". See "Solomon Points to Issues Vietnam Must Deal With", *Official Text* (US Embassy in Singapore), 7 December 1990.
53. Alatas was quoted as saying, "God knows how hard we have tried to pull them together and reduce their differences. Now it is the task of the Cambodian peoples themselves to show their eagerness and seriousness that they want to stop the killing and to end the tragedy in their country", *Kompas*, 3 March 1990.
54. *Kompas*, 5 July 1990.
55. See the article by Steven Erlanger which was first published in *New York Times*, and reprinted in *Straits Times*, 23 July 1990.
56. "Alatas Doubts US Move will Help to Bring Peace", *Straits Times*, 23 July 1990.
57. Soeharto was cited as saying that "Asean should maintain a commensurate capacity for continuous dynamic adaptation while maintaining a unity stance and move towards its common aims". *Straits Times*, 25 July 1990.
58. "Alatas Kecewa Pemimpin Kamboja Belum Menangani Isu Sabenarnya" [Alatas Disappointed with Cambodian Leaders' Failure to Face the Real Issues], *Kompas*, 5 September 1990.
59. I have compared various reports published in Indonesian newspapers, and this point was only mentioned in *Kompas*, 21 November 1990.
60. *Kompas*, 21 November 1990.
61. Indonesia would provide Vietnam with the fertilizer and oil which it badly needed. See *Kompas*, 21 November 1990. Jakarta signed a series of agreements/treaties with Hanoi "ending Vietnam's 15-year isolation in the region". *Jakarta Post*, 22 November 1990.

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Liberalization, Co-operatives and Ekonomi Pancasila

ARMIN TAUBERT

The liberalization drive in recent years has pushed the ideological side of Indonesia's "New Order" into the background. As the economy seemed able to overcome the difficulties resulting from the decline in oil prices in the early 1980s, however, pressures have built up for the ideals and values on which the legitimacy of the "New Order" is based to be addressed, namely, the equitable distribution of the benefits of development. President Soeharto has reacted to this criticism by proposing an enhanced role for the co-operatives. They are to be given the opportunity to acquire the shares of private companies. This article examines the proposal and its implications and gives a broad outline of the political and ideological background against which the initiative has to be seen.

Introduction

In his yearly budget speech on 4 January 1990, President Soeharto declared his intention to strengthen the role of co-operatives in the Indonesian economy. After the liberalization in recent years which resulted in a dynamic development of the private sector, this move seems to contradict the opening-up of the economy and to jeopardize the investment climate. However, the New Order regime had claimed from its very beginning to have a specific approach to development in which co-operatives would occupy a prominent position. Soeharto's proposal will be analysed, particularly within the political and ideological background. It is hoped that the essay will help to make the internal logic of this controversial policy and its timing more comprehensible.

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The Proposal

In his speech, Soeharto made clear his intention to implement the stipulations of the constitution regarding the economic system. Therefore,

> we must make the cooperatives one of the main pillars of the national economy. We develop the cooperatives into an economic force and, at the same time, a forum to materialize equitable distribution aimed at social justice.[1]

The participation of an increasing part of the population via co-operatives should enable a more evenly spread distribution of development benefits. It should take Indonesia further in achieving the ultimate goals of Indonesian development: social justice and prosperity for all members of the society.

Soeharto welcomed the stimulation of the stock exchanges in Jakarta and Surabaya as more and more companies went public. Participation of the public in the equity of private companies is one way to broaden the distribution of prosperity but it is by its very nature limited to those who already live in secure financial conditions. To achieve extensive social justice, it is necessary to widen the scope of participation by selling shares to co-operatives which are open to the whole population.

Economically healthy enterprises are, therefore, requested to give co-operatives the opportunity to share in their equity. Co-operatives given this chance should: 1) belong to employees of the company concerned; 2) be located in the surroundings of the operation site; or 3) have business connections with the company. Shareholders will form the co-operative as an entity. Frequent abuses and corruption committed mainly by board members had disappointed Soeharto in the past.[2] It can be assumed that this measure is aimed at preventing exactly these practices. Eventually 25 per cent of the shares should be owned by the co-operatives.

As most co-operatives are unlikely to have the capital necessary to finance the purchase on their own, the companies are asked to provide loans. The repayment would be made out of the dividends received.

Brought forward as an appeal, the suggestion can be seen as a second step in bringing the structure of the economy more in line with the ideological setting. At the end of 1989 the government announced a policy to encourage state enterprises (BUMN) to function as "foster parents" to small enterprises and co-operatives in order to help them in their development.[3] Now the private sector has been asked to make its contribution to the "restrukturalisasi" (restructuring) of the economy.

On 4 March 1990, President Soeharto invited, against the reservations of his economic advisers, thirty-one of Indonesia's leading businessmen, the so-called Prasetiya Mulya Group because of their common support

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to a well-known management institute, to his ranch in Bogor. On this occasion Soeharto lectured on the fight for independence and the hopes for a better society. He said that the opportunities enjoyed today by the businessmen present had been achieved through the struggle and sacrifices of the whole people and they in turn would rightly expect the realization of their hopes. The objectives of this fight for social justice and prosperity thus have to be upheld. Otherwise, social unrest and instability could be the consequences that nobody really wants. The businessmen, therefore, should acknowledge their obligations and support his proposal voluntarily.

He specified a period of 5–10 years for fully implementing the proposal. The interest on the loans was to be kept below 5 per cent. With the current market rate of 16 per cent, this would mean a subsidy from the companies. The President made it unequivocally clear that unsatisfactory results would lead to regulations of one kind or another which would leave the companies with less space for manoeuvre.

In an effort to present the companies with a more formal basis on which to act, the Co-ordinating Minister for Economic Affairs, Radius Prawiro, sent a circular to the departments concerned. The circular once again emphasized the objectives behind the proposal:

"The ownership of shares by primary co-operatives is aimed towards:

1. realizing further equitable distribution which is one part of the development trilogy;[4]
2. increasing in the members of the co-operative the sense of co-ownership in the company they hold shares in and, as a consequence, raising their will to participate actively in the operation of the enterprise;
3. reducing the social discrepancies which became obvious recently and which could lead to social envy and social unrest;
4. strengthening national solidarity and unity".[5]

Furthermore, the circular contained guidelines on how the prices for the shares should be fixed. The price of shares directly purchased from the enterprise was to be decided by a public accountant or any other entity entitled to it. If the co-operatives decide to sell the shares after some time they have to sell them back to the company at the original price. Shares bought on the stock exchange are subject to market prices and are fully tradeable. All agreements and transactions need the approval of the departments concerned.

Reactions

The first reactions to Soeharto's proposal were not enthusiastic. There was a fear that this policy would put an end to the liberalization drive

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of recent years which had given the private sector considerably more freedom to operate than in the 1970s when state involvement in the economy was at its highest. The unsolved legal and practical problems inherent in the proposal also met with widespread criticism.[6]

In a meeting with President Soeharto on 4 March 1990, Liem Siow Liong, chairman of the biggest business conglomeration, the SALIM Group, and a business associate of the Soeharto family, pointed out the financial difficulties that would arise as a result of a subsidized sale of shares. For instance, in selling only 1 per cent of the shares in one of his own enterprises, Indocement, he calculated that the company would have to bear a subsidy of Rp7.2 billion (US$3.8 million) because of the subsidized interest rate on the loans provided. This would still be acceptable but anything more would draw too much on the resources of the company. Sensing that it would be difficult to evade Soeharto's wishes altogether, this objection by Indonesia's most influential businessman was an attempt to control the damage and keep the new "welfare tax" as low as possible.

Observers had their doubts whether the co-operatives would ever be able to pay off the credits, which was a precondition to achieve full ownership of the shares. In 1989 the stock exchange experienced vastly increased prices for shares. Price-earning ratios of over 30 were not unusual. The purchase of shares anywhere near the market price would have left the co-operatives with huge debts. Dividends, however, had been distributed infrequently in the past and in unsubstantial amounts. The companies were mainly controlled by families which had no reason to make their shares attractive to the public by offering attractive dividends. Therefore, long periods of repayment had to be expected. The companies would not have been able to calculate their costs in providing the loans. The co-operatives, on the other hand, would probably have to wait a very long time before they could receive the benefits of Soeharto's proposal.

In business circles there were fears that if the co-operatives eventually succeeded in getting hold of 25 per cent of the share capital, they would seek to have a say in the operations of the enterprise.[7] This prospect was a particular cause for worry among foreign investors as Soeharto's proposition applied to them as well. Foreign investors were asked to give preference to the co-operatives when they sold their shares to locals according to the Foreign Investment Law (PMA). The PMA stipulates that locals should have the majority share in a joint venture after ten years. It is now feared that, in contrast to other local partners, the co-operatives would not be able to bring in political connections and this would make doing business even more difficult in Indonesia.

Economists for their part pointed out that the means might not be suitable to achieve the goal of reducing social discrepancies, at least not in

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the short run. Pressing problems such as unemployment and insufficient incomes cannot be overcome by giving shares to co-operatives. Enforcing existing social laws (for example, minimum wage) and improving overall social policy would lead to social justice more equitably and faster. But this would make real political action necessary, which could result in a change of the social fabric of the New Order.

Results

President Soeharto did not only take the initiative politically but a company that was indirectly controlled by him also set an example on how he would like to see the transfer carried out. PT Tehnusamba Indah (Tehnus), a tea processing company in West Java, sold 383,000 shares, equivalent to 10 per cent of the equity, to local co-operatives.[8] Tehnus is but one part of a much bigger group controlled by Bob Hasan, a close friend of the President, and Sigit Harjojudanto, the eldest son of Soeharto. Altogether, 35 co-operatives with approximately 10,000 members participated in the sale, which put the transfer amount per member at about US$20.00.

The most remarkable fact in this transaction was that the shares were sold at their nominal value of Rp1,000 each — a price well below the estimated value of Rp5,000. The reduced price of the shares made it possible to keep the loans needed by the co-operatives small and to shorten the period it would take them to pay off the loans. For Tehnus, it had the additional advantage of keeping a certain control over their shares as the co-operatives would not be allowed to sell directly placed shares to third parties.

Bob Hasan was also involved when 66 member companies of the Indonesian Forestry Society (MPI), of which he is the chairman, promised the President to sell their shares valued at Rp23.6 billion.[9] At the end of July 1990, 27 members of the Prasetiya Mulya group also announced their willingness to sell shares worth Rp29.3 billion to 150 co-operatives which they had wanted to help in upgrading their management and marketing skills.[10]

What is striking is the fact that both groups that have so far decided to participate in Soeharto's initiative have close relationships with the regime and are to some extent dependent on the goodwill of the government for licences and orders.

Despite wide media coverage of the announcement to sell shares, the actual transfer is proceeding rather slowly.[11] It is to be seen whether other companies besides these two groups will eventually join in the effort to

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make the co-operatives a stronger force in the Indonesian economy and, if they decide to do so, what amounts of shares they will contribute.

Political Background

The year 1989 proved to be a difficult one for the Soeharto government. It was put under pressure by debates about the succession to Soeharto and the concentration of economic power and wealth in the hands of a few family trusts. An ambiguous statement in Soeharto's biography was interpreted as an indication of Soeharto's willingness to resign at the end of his term of office in 1993.[12] Despite several attempts by Soeharto himself to stop the discussion, it was carried on with remarkable openness well into 1990.[13]

The discussion revealed that the New Order does not any longer possess the cohesion of former years. One of the most active and outspoken forces was the ABRI group in parliament. Discontent with several political decisions in 1988, which were seen as diminishing the power of the military, and the feeling within the younger generation of officers that the military had been pushed out of its *dwi-fungsi* role (that is, being a military and a social force) by bureaucrats and well-connected businessmen, led to the desire to put itself forward as an independent force to be reckoned with.[14]

At the same time, there were indications that the jockeying for positions in the inner circle had started. The Minister for Home Affairs, Rudini, and State Secretary Moerdiono both sought publicity on controversial issues and indicated, in a very indirect manner, their readiness to take over. The Supreme Commander of the Armed Forces, General Try Sutrisno, and Minister for Defence, Benny Murdani, were the other likely candidates in this rivalry for succession.

The lack of a proper procedure on how a successor to Soeharto should be chosen and whether there was a need for one at all brought uncertainty to the question of political stability after 1993. Once the stability in an hierarchical centrally-controlled regime based on patrimonialism becomes uncertain, there is a tendency on the part of the actors to reformulate personal loyalties. Political stability, however, is part of the *raison d'etre* of the New Order regime and is essential for the legitimacy of the regime in the eyes of its citizens.

The other debate centred on the second pillar of the New Order's legitimacy. Back in 1967, the New Order had obtained the support of the people with its promise of social justice and equitable distribution (*pemerataan*) of the benefits of development. After the economic chaos in

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the last years of the Soekarno regime, the population longed for a better, more prosperous life. The New Order was expected to deliver just that.

The liberalization policies followed in recent years have contributed to the stimulation of the economy.[15] The private sector got by far the most benefits from this development, especially the family-controlled trusts with their good connections to the political establishment and their already strong economic starting position. Most of the companies were set up after 1967 in large part with favourable state credits, import monopolies and state protection.[16] Thus, one should not be too easily deluded by the liberalization rhetoric as the earlier pattern is essentially still in force, as can be seen in a number of examples in recent years.

On the other hand, the government has carried out price adjustment policies to cope with the distorted allocation of resources. Electricity prices have been increased by up to 40 per cent, the scope of value-added tax has been widened, and subsidies on fuel lowered, which has led to a 20–30 per cent increase in transportation tariffs. There is no doubt that these measures are economically sound and justified but they have put great strain on the daily life of the *wong cilik* (small people). The campaigns against *becak* drivers and street vendors and the numerous conflicts over land have further created the impression that Indonesian development is very one-sided.

As it is still not possible to criticize the government's policy directly, the criticism has been directed against the "conglomerasi". Members of Parliament, intellectuals and parts of the military have seen a deviation from the imperatives of the constitution and the ideals of Pancasila.[17] By not considering the social side of their liberalization drive and its overall effects on society, the technocrats themselves have created an opposition.

Political stability and economic prosperity were the foundations on which the New Order built its "secondary legitimacy" in 1967. The people gave their consent to the changes in expectation of a better, just and prosperous life. The debates have revealed that both expectations have yet to be fulfilled. However, there has been an increase in the pressure on the government during 1989 and it has had to react to the challenges.

Ideological Foundations

In 1967 the New Order claimed that it would return to the ideals of Pancasila which had been distorted during the Soekarno era. The newly-elected President Soeharto laid down the formulations of the new programme for the years to come:

> The function and the objective of the New Order is to maintain and purify the manifestation and implementation of the Pancasila and

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> the 1945 Constitution .... And not only must they be acknowledged. They must also be put into practice, must be given full and appropriate substance in a way which maintains their spirit in the pure form.[18]

Pancasila was subsequently made the ideological foundation on which all political actions were to be based.

In the understanding of the New Order, Pancasila is not a new ideology which needs indoctrination. Rather, it is the expression of the unique cultural traditions of Indonesia. Pancasila is said to be based on a value system which originated from the altruistic nature of Indonesian society and the collective personality (*kepribadian*) of the Indonesian people respectively.

Man and his environment form one totality, the ultimate goal of which is the conservation of harmony. The conservation of harmony within man himself, between human beings, and with nature and God is essential in securing justice and prosperity for both the individual and society. The values of society are, therefore, directed towards consensus-building through a process of consultation, leading to mutual agreement in the end. Thus, polarization as a result of conflicts of interest is circumvented.[19]

Traditionally, it is the obligation of the ruler to secure social harmony. Therefore, the ruler is personally responsible for social justice and prosperity. The existence of poverty and social polarization causes a direct loss in legitimacy. The traditional concept tends to justify authoritarian regimes but at the same time it makes the regime responsible for the well-being of the ruled. What seems on the surface to be a stable government is in reality a very vulnerable one because in modern times many exogenous factors beyond the control of the government have an influence on the economy.

It was Soekarno who started to use this neo-traditional value concept, the origin of which can be traced back to the "great traditions" of victorious Javanese warrior-kings in pre-Islamic times and their Indian philosophers.[20] Soeharto's New Order was also formed along these lines but adapted for the needs of a centralized system. Over the years Pancasila has been made the sole principle for political and social life in Indonesia. Every move to tighten the grip of power and to exclude alternative concepts has been justified within the Pancasila concept.[21] The neo-traditional elements have been included in the "bible" of the Pancasila-state, the "Guide to the Living and the Practice of Pancasila" (*Pedoman Penghayatan dan Pengamalan Pancasila*, or P4). Most of its formulations resemble poorly disguised versions of these seemingly traditional ideas.

In 1981 a discussion was started on how the ideals of Pancasila could be transferred into a corresponding economic system.[22] Due to his spiritual

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consciousness as a creature of God, the Indonesian is seen to be fulfilled only when he sacrifices his individual interests for the welfare of the whole community. The driving force of economic action, therefore, is supposed to be not the profit-maximizing attitude of an individualistic *homo economicus*, but rather the behaviour of a socially conscious collectivistic *manusia seutuhnya* (complete mankind). Co-operation in the spirit of a great family is the characteristic of an Ekonomi Pancasila system. Competition, still acknowledged as necessary for the efficient allocation of resources, is based on non-material incentives which should gradually replace selfish material ones. In creating a true Ekonomi Pancasila, equitable distribution in the sense of satisfying the spiritual and material basic needs will automatically be realized.

There is widespread agreement on the basic characteristics of this Utopian model of development, as described above. How to reach this idealistic goal, however, is a question that is still rather controversial. Nevertheless, nearly all approaches emphasize the prominent position of co-operatives in the future economic system. The historical experiences during the colonial occupation heavily influenced the economic outlook after independence and up to the present day. M. Hatta once characterized the colonial state as an *onderneming yang besar* (big company), run like a big company for the benefit of the inhabitants. "Liberalistic free-fight capitalism" was understood to be an integral part of foreign rule, and the source of injustice and economic discrimination and, hence, Indonesia's backwardness. The struggle for independence was, therefore, also a struggle against the capitalist model. Like so many other newly independent nations, Indonesia was searching for an alternative model which would allow it to regain its cultural identity.

The desire for a more humane economic system left its mark on Article 33 of the 1945 Constitution (UUD 45), which is nowadays the starting point for all Ekonomi Pancasila approaches:

1. The economy shall be organized as a common endeavour based on the principle of the family system.
2. Branches of production which are important for the state and which affect the lives of most of the people shall be controlled by the state.
3. Land and water, and the natural resources found therein, shall be controlled by the state and shall be exploited for the maximum benefit of the people.

Subsections (2) and (3) are frequently quoted to justify the excessive economic activity of the state. For the shape of the desired economic system, however, subsection (1) is decisive. The official elucidation states that:

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> the economy is organized as a common effort, based upon ways of working that accord with the family principle. The cooperative is the form of enterprise in harmony with this.[23]

The mainstream interpretations follow this opinion that co-operatives should be the main pillar of the economic system. They are seen as taking up the traditional practice of *gotong-royong* (mutual co-operation) in rural Indonesia. Furthermore, they are considered most suitable to satisfy the "real" demands of society because, in their decision-making process, the society participates actively. Social harmony and social justice are more easily achieved than in a society of selfish individuals.

A well-known advocate of a co-operative system is Professor Sri-Edi Swasono, son-in-law of Hatta and president of the Indonesian Council of Cooperatives (DEKOPIN). It is said that he has access to President Soeharto who, in turn, seeks his advice on the creation of a co-operative system, a pet project of Soeharto. The January 1990 proposal does seem to have been very much influenced by Swasono's theories. In Swasono's opinion, the regulations in Article 33 UUD 1945 are imperative in the sense that the entire economy has to be organized as a common endeavour based on the family principle. All economic units and not only the co-operatives have to be structured according to the underlying ideals. Economic growth, increase in gross national product, and export promotion will not result in social justice and prosperity for all when the private sector and, to a lesser extent, the state companies are not included in the Ekonomi Pancasila. They, therefore, must be reorganized along more democratic lines.[24] In his inaugural speech at Universitas Indonesia, he outlined how such a system could be created:

> To institutionalize this system means to develop a sense of mutual cooperation by giving ownership to cooperatives and employees.[25]

The democratization of the entire economy (*mem-pasal-33-kan*) can be financed through loans or securities provided by the companies involved.

However, nowhere in the constitution are co-operatives explicitly mentioned. As early as in the 1950s, the position of co-operatives as the main pillar of the economy had been challenged. Widjojo Nitisastro, in later years the architect of the New Order economic policy, presented at a Universitas Indonesia seminar in 1955 a different interpretation of Article 33 UUD 1945:

> The unit which is to be characterized by joint efforts for the good of all members and by an equitable distribution of the results of these efforts among all the members is not an unit in the sense of an enterprise or firm but rather the entity of the community as a whole.[26]

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This macroeconomic-oriented approach became the credo of the technocrats who were put in charge of the economy after 1967. They emphasized stability and growth as preconditions for a more equitable distribution. Efficiency has to be the main feature, even if that means promoting internationally competitive conglomerates.[27]

The implementation of this policy was always hampered by the informal power structure of the New Order and by the ideological framework within which the New Order is imprisoned. In the words of Mohammad Sadli, himself considered a technocrat:

> the projection of an article of faith stemming from pre-war times and conditions onto requirements of today and beyond creates a tricky environment for policy planners and decision makers.[28]

Conclusion

Outside Indonesia, it is the technocratic development model of the so-called "Berkeley-Mafia" which is commonly known. The liberalization in recent years has further strengthened the image of a developing country that is being governed pragmatically, even though the announced reforms hardly leave an impact on the economic reality. The ideological side of Indonesian politics has ceased to arouse much interest. Proposals such as the one in January 1990, therefore, meet with surprise and lack of understanding.

The recent move to strengthen the position of the co-operatives was not the first one. In 1983 the rural population was pressed to join Village Co-operative Units (Koperasi Unit Desa, or KUD). The results of this policy are regarded with much skepticism today owing to widespread abuse, corruption and malfunctioning. The policy was partly a reaction to the fierce economic debate starting at the end of 1980. The government proposal of an Ekonomi Pancasila was indirectly criticized for not narrowing the social gap despite a high increase in revenues as a result of the oil price boom. The New Order obviously did not live up to expectations. The KUD policy was seen as an attempt to take the wind out of the sails of the government's critics.

The same applies to the latest Soeharto appeal. The regime reacted to a threatening political situation with a highly symbolic gesture. Changes in the socio-economic pattern of the New Order cannot be expected. The social problems in Indonesia cannot be solved in this way and it is only a matter of time that another reaction will follow.

Analysing this recent policy calling for the strengthening of co-operatives, it seems that there is further ground for the assumption that

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the purpose of the Ekonomi Pancasila model is not the realization of an original indigenous development but the maintenance of the status quo. Symbolic rhetoric is supposed to deter potential discontent. Up to now the regime has been very successful with this policy of appealing to the idealistic desires of the people.

NOTES

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3. *Jakarta Post*, 18 December 1989.
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9. *Kompas*, 2 July 1990; *Tempo*, 7 July 1990, p. 92.
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Soviet Economic Aid to Vietnam

BUU HOAN

This is a review and description of two books in Vietnamese that provide a rare glimpse of Soviet economic aid to Vietnam. One is an official document while the other is a translation of a Russian book but both contain frank and unexpectedly objective information and assessments of various aspects of the Soviet–Vietnamese economic linkage. As the contributors to the two books are top Vietnamese policy-makers and Soviet experts, this article has extracted all the relevant factual data as well as analytical information regarding recent developments in Soviet economic aid to Vietnam.

Introduction

At the end of 1988, two books were published in Hanoi on Soviet aid. The first one, entitled *The Friendship and Cooperation Relationship between Vietnam and the Soviet Union*,[1] was published by Su That Publishing House (the Vietnamese *Pravda*), on the tenth anniversary of the Vietnam–Soviet Union Treaty on Friendship and Co-operation (3 November 1978). It includes a series of articles by members of the Vietnamese Council of Ministers, each minister (or the head of a department) writing on the Soviet aid provided to the economic sector under his authority. The second book, with the title *Issues on Economic Cooperation Between the Indochinese States and the Socialist Community*[2] is a translation of thirteen papers written by Soviet experts and presented to a seminar in Moscow in 1987. The seminar was organized jointly by the Institute of International Socialist System of the Soviet Academy of Science and The Institute of

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International Economy (IIE) of the Vietnamese Social Science Committee. Although the book was published by the IIE as an internal document, it was on sale at bookstores in Hanoi.

These two books provide a rare glimpse of Soviet economic aid to Vietnam, a subject which still remains a mystery to many outside researchers. The first book is an official document written in a propaganda style, though some of its information is useful to outsiders. With regard to the second book, it is regrettable that the translation from Russian is at times heavy, and quite often incomprehensible. Discounting these passages, what remains reveals a surprising frankness on the part of Soviet experts, a kind of reasoning devoid of ideology, and sometimes a professionalism which may astonish Western economists. Many Soviet observations and prescriptions are original and interesting (for instance, the detailed programme for the integration of the Vietnamese economy into that of the Soviet Far East, the hardening of Soviet aid policy, the sharp criticism of the current Soviet aid system, the accusation of Vietnamese incompetence and other weaknesses, and so forth) and should be summarized and presented with as little comment as possible to keep these in all their original flavour. In view of the dearth of data on the subject and the special quality of these contributors (Vietnamese top policy-makers and Soviet experts), this article will attempt to extract factual data and analytical information from the two documents as much as possible, as these may be of great value to other potential aid donors and outside scholars. After an overall view on recent developments in Soviet economic aid to Vietnam, there is a summary of the official Vietnamese viewpoint on the subject (Book I) as well as the Soviet viewpoint (Book II).

An Overview

Soviet economic aid to Vietnam has been provided, first in the framework of the Economic and Technical Cooperation Agreement of 18 May 1955 (after the First Indochinese War), the Trade and Maritime Agreement of 12 March 1958, and most importantly, the Treaty on Friendship and Co-operation between the Soviet Union and Vietnam, signed on 3 November 1978. The first agreement paved the way for Soviet assistance in the rehabilitation and reconstruction of the former Democratic Republic of Vietnam (North Vietnam). The second agreement specified the system of exchange (payments were to be made in terms of exports in goods and services), and the requirement that all Vietnam's foreign trade with the Soviet Union were to be shipped on Soviet or Soviet-rented ships. The last clause was expected to reduce freight charges, at the risk of increasing rigidity in scheduling shipments. But the 1978 Treaty was a

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watershed, as it made Vietnam a full-fledged partner of the Soviet bloc, on the same footing as Cuba and Mongolia, after Vietnam had been made the third non-European member of the Council for Mutual Economic Assistance (CMEA), with full membership in the International Bank for Economic Co-operation (IBEC) and the Soviet-sponsored International Investment Bank.

Under the 1955 Agreement, many thermo-power stations were repaired, the railroad line linking Hanoi to Moscow via China became operational, and geological surveys in the North were undertaken, preparing the ground for the exploration of natural gas, coal, apatite and iron ores. The sea route between Vladivostok and Haiphong was further strengthened by the 1958 agreement. The port of Haiphong was enlarged and improved with Soviet assistance. Many Soviet-sponsored state farms and factories were established, and tin, coal and apatite mines were rehabilitated.

Soviet economic assistance, made generally on a credit basis, was slowed down by the Second Indochinese War (1960–75). During the war period, Soviet-financed projects were limited to the setting up of repair shops and small-scale thermo-power stations to supply required inputs for local industries. After the war, the Soviet Union decided to write off all loans it had granted to Vietnam. However, its economic assistance increased substantially only after the Treaty of 1978. Under the Treaty, and many subsequent agreements, Vietnam was allowed to run an annual trade deficit with the Soviet Union equal to one and a half times its exports. In addition, the contract work system was largely extended, through which the Soviet Union (or any other member of the CMEA) established factories, provided required inputs, and brought back all outputs. Finally, with greater assistance in the implementation of projects, the volume of capital goods increased considerably. It doubled during the 1981–85 Plan, compared with the precedent Five-Year Plan, and is expected to double again during the 1986–90 Plan, reaching a level equal to sixteen times that of 1970–75. As a result, the record of Soviet aid, based on 1986 data, appeared impressive. The Soviet Union participated in the implementation of about 300 projects, 30 per cent of which were in the industrial sector. Soviet-financed enterprises produced 47 per cent of the total electricity output in Vietnam, 54 per cent of lead, 85 per cent of coal, 30 per cent of cement, 100 per cent of apatite, superphosphate, sulfuric aid, and machine tools. The Soviet Union provided transmission lines of 2,000 kilometres long, accounting for 56 per cent of the total electric grid in Vietnam. The joint venture in the exploration and development of petroleum products has created a new promising sector for the Vietnamese economy,

In spite of the magnitude of Soviet aid, both Vietnamese officials and Soviet experts agreed on its inefficiency. While there was not much

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progress in agriculture, Soviet-assisted factories in general worked at 30–40 per cent of their productive capacity. Soul-searching issues were raised in the Moscow seminar in 1987. Accordingly, and in the new spirit of reform which has animated both countries, Soviet economic aid to Vietnam has taken a new direction. First, more efficiency is now demanded explicity both from Soviet aid agencies and from Vietnamese recipients. Secondly, emphasis will be put, not on grandiose industrial projects as in the past, but rather in accordance with the order of priority determined by the Sixth National Congress of the Vietnamese Communist Party (1986), namely, foodstuffs, consumer goods and exports. Thirdly, undertakings financed by Soviet aid should be "mutually beneficial", meaning that aid will be provided more in the form of loans and less of grants; and that beneficiary enterprises should be organized as joint ventures, or as contract-work factories; fourthly, state enterprises of both countries, with their new status as profit-seeking autonomous agencies, should take a leading role in promoting economic co-operation between the two countries.

Vietnamese Official Viewpoint on Soviet Aid

Book I includes an introductory article by the Minister of Foreign Affairs (pp. 5–12), and eleven articles covering all economic and social sectors which benefit from Soviet aid, including agriculture, transportation, foreign trade, electricity, oil exploration, metallurgy, chemicals, construction, education, labour and culture. There is sometimes veiled criticism, but in most cases, each article is basically a list of Soviet achievements in Vietnam.

The Agriculture Minister (pp. 13–18) describes the dependency of Vietnam on Soviet aid in his sector. Each year, Vietnam receives more than one million tons of fertilizers, and about ten thousand tons of pesticides. In addition, Vietnam has received 15,000 tractors, 10,000 pieces of rural equipment of different types, and in the current Five-Year Plan, is expected to receive 700 additional tractors. The Soviet Union has helped in the setting up of 6 large-scale repair shops, 100 small repair shops, 45 plants specialized in the maintenance and repair of tractors, a warehouse for agricultural spare parts, and 17 tea processing factories, with a total production capacity of 515 tons per day. For the current Five-Year Plan, agreements on five joint ventures have been signed, with a Soviet investment of 400 million rubles, covering the production of fruit and vegetables, coffee, rubber, tea, and vegetable oil.

The Transportation Minister (pp. 19–28) describes the Soviet efforts to assist Vietnam in reconstructing railways, bridges and sea transport.

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In addition to the railway linking Hanoi and Moscow via China, the Soviet Union assisted in rebuilding the railroad between Hanoi and Ho Chi Minh City after 1974, through the provision of new railways, and light diesel locomotives. The Hanoi–Haiphong railway connections and the long-span Thang-Long Bridge, two projects undertaken by the Chinese but interrupted in 1978 because of tensions existing between China and Vietnam, were completed by the Soviets under a grant. Many other bridges were also rebuilt with Soviet assistance, including those in Viet-Tri, Lao-Cai, Lai-vu and Phu-Luong.

A sea route between Vladivostok and Haiphong was created with the regular visits of Soviet merchant ships and the improvement and extension of Haiphong harbour. Coastal ships have also been donated to facilitate coastal and river transport. In addition, the Soviet Union has helped in creating the ship-building and repairing industry in Vietnam. For the current Five-Year Plan, Vietnam is expected to receive from the Soviet Union additional passenger and freight cars and light diesel locomotives to increase the capacity of its railroad system; to organize joint ventures in ship-building and repair; to further equip its shipyards of Ha-Long and Bach-Dang, and its Giai-Phong tool factory, so that Vietnam could meet its ship-building commitments. Vietnam is to build 305 ships of different sizes during the period 1988–95.

The Foreign Trade Minister describes the rapid progress in foreign trade with the Soviet Union (pp. 29–39). The 1988 trade volume was a hundred times that of 1958, and twice that of 1982. This rapid development was attributed to the implementation of Soviet-sponsored projects, the expansion of the contract work system, and the ability of increasing exports, which in turn allowed greater imports from the Soviet Union. Trade with this country represents 60 per cent of total foreign trade and 80 per cent of trade with CMEA member countries. Raw materials and other industrial inputs account for 68 per cent of total Soviet imports, while capital goods for Soviet-assisted projects share 20 per cent, and the remainder is represented by consumer goods and other miscellaneous items. The USSR provides Vietnam with all of its fuel and lubricants, all its iron ore for its steel mills, all its cotton, 95 per cent of its automobiles, 80 per cent of its metallurgical products, and more than 90 per cent of its nitrogenous fertilizers. Vietnamese exports to the Soviet Union include coffee, tea, rubber, soybean, coconut oil, tin, handicraft products, products from the contract work system (carpets, garments, hats, shoes), the output of joint ventures (processed coffee, tea and rubber), as well as commodities under barter arrangements between state enterprises of these two countries. Vietnam particularly exports perishable products such as tropical fruit and vegetables to the Soviet Far East and Siberia to take advantage of

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the inexpensive and short sea route from Haiphong to Vladivostok (only seven days sailing).

According to the Minister of Energy (pp. 40–49), 85 per cent of the present coal output is due to Soviet aid, and so is half of the current electricity output. This is the result of Soviet activities during the last thirty years. During 1955–64, they were limited to the rehabilitation of the coal mines of Ha-Tu, Deo-Nai, Coc-Sau, and the construction of three thermopower stations, respectively, in Vinh (for local industries of Nghe-Tinh), Lao-Cai (for apatite mining), and Uong-Bi (Phase I: 48MW, for coal mining and electricity for the Red River Delta). In spite of the war during the period 1965–75, these activities were extended to the extraction of coal in Cao-Son (2 million tons per annum), Mong-Duong, Vang-Danh, and the construction of a hydropower station in Thac-Ba (108MW), and a thermopower station at Uong-Bi (Phase II and III: 105MW). These activities were intensified after the war, particularly after the 1978 Treaty. The "Economic and Technical Report on the Development of the Coal Sector" and the "Master Plan for the Development of the Coal Industry for the period 1991–95" were drafted with the co-operation of Soviet experts; Soviet assistance was also received in the construction of eleven new coal mines, and in the setting up of three tool factories for mining. With regard to electricity, two Master Plans for the development of the energy sector, Phase I (1981–85) and Phase II (1986–90) have been finalized, and the Master Plan for Phase III (1990–95) is in the process of being drafted. Soviet aid is also manifest in the construction of two large-scale hydropower stations, in Hoa-Binh (1,900MW) and Tri-An (440MW), and one thermopower station in Pha-Lai (440MW); in the provision of wires and equipment for a grid of 3000 km with a number of transformers totalling 3000 MVA; and in the setting up of some factories to manufacture electrical equipment such as transformers and cables.

In his article, the Metallurgy Minister (pp. 50–62) does not limit himself to the usual descriptions of Soviet assistance in his sphere of responsibility, but also takes the opportunity to criticize the way the Vietnamese requested aid as well as the Soviet system of aid. During the period 1955–75, Soviet assistance was provided for the construction of fourteen factories manufacturing tools, transportation equipment, and spare parts, including the large-scale "Tool Factory Number One", the "Cutting Tool Number One", two spade manufacturing factories, and more than a hundred repair shops. The tin mine of Tinh-Tuc was exploited and started production as early as 1956. After the war, particularly after the Treaty of 1978, Soviet aid in the metallurgical sector was intensified: many large-scale factories were built on a turn-key basis, either to manufacture diesel engines, pumps and automobile spare parts, or to support activities

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of various ministries (for instance, the Cam-Pha mining tool plant for the Ministry of Energy, the Dong-Anh Tool plant and the precast concrete plant for the Ministry of Construction, and the Binh-Trieu plant for the Ministry of Water Management). In addition, the Government of Vietnam constructed many plants with imported Soviet equipment and Soviet credit, including the Tran-Hung-Dao tool plant, the electrical supply plant, the Duyen-Hai tool plant, the Hai-Duong pump plant, and the agricultural equipment plant. For the current Five-Year Plan, the Soviet Union has already expressed its willingness to help Vietnam set up an assembly plant for tractors. This plant will be transformed later into a manufacturing plant, with an annual production of between 3,000 and 6,000 units. Tin mining in Quy-Hop, and iron-ore mining in Dac-Nong and Thai-Nguyen are also expected to receive further Soviet assistance.

The Metallurgy Minister, however, admits that his investment programme was sometimes heavy and over-ambitious. During the post-war period, ten projects for the construction of large-scale tool plants were programmed, while the existing plants could not run efficiently because of the obsolete condition of their equipment and frequent shortages of raw materials and spare parts. With hindsight, these ten projects appeared beyond the capability of the local management. As a result, many suffered delays in implementation, and had to be abandoned. With regard to various turn-key projects, he also recognizes that in some cases, the selection of the location was not realistic, or the equipment received did not fit into local conditions, or simply to agreed-upon specifications (such as factories manufacturing automobile spare parts, or cutting machines).

The General-Manager of the Petroleum Office (pp. 63–69) describes Soviet assistance for geological surveys during the fifties, which led to the drilling of forty wells in the Red River Delta during the sixties, and the ultimate discovery and exploitation of natural gas in Tien-Hai and Thai-Binh. As of 1987, more than 300 million cubic metres of gas had been produced. In the South, a joint venture was organized in 1980 for the exploration and development of oil. In 1984, on the Bach-Ho sea, oil was discovered which could be exploited on a commercial basis. Production began in 1986 with about 3,000 tons per year. The Soviet Union is helping Vietnam to set up a refinery plant, which is expected to be operational by 1990.

According to the General-Manager of the Chemicals Office (pp. 70–77), the Soviet Union provided technical and financial assistance in the exploitation of the apatite mine in Lao-Cai, and iron pyrite in Gia-Lai, which is the basis for the production of sulfuric acid, superphosphate, and so forth. The Soviet Union also helped in setting up the Lam-Thao superphosphate factory in 1959. Its annual production capacity was raised from 100,000 tons

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to 180,000 tons in 1971, then to 300,000 tons in 1984, and is expected to be increased further to 500,000 tons in 1990. A battery factory was also set up in Xuan-Hoa with the help of the Soviet Union. In the next Five-Year Plan, the following projects are expected to receive further Soviet financial and technical assistance for their extension: the Ha-Bac urea factory, the Lam-Thao superphosphate factory, the Yellow Star rubber factory, the Da-Nang rubber factory, the Binh-Long rubber factory, and others.

According to the Minister of Construction (pp. 78–87), the Soviet Union has actively participated in the construction works of 250 projects, among which 100 are large-scale. Other projects of a non-economic nature deserve mentioning: the Ho Chi Minh Mausoleum and the Culture Palace in Hanoi, the Polytechnic Institute, the Nghia-Do Scientific Centre, and two earth satellite stations.

In addition, the Soviet Union helped in setting up factories producing required inputs for construction, including: the Bim-Son cement factory (production capacity: 1.2 million tons per annum), the Xuan-Mai concrete factory (production capacity: 100,000 cubic metres of concrete per annum), the Dap-Cau glass factory, and many electric pole manufacturing factories. The cement production not only satisfies domestic requirements, but can also be exported. On 29 October 1987, an agreement was signed in Hanoi to extend the scope of co-operation in the field of construction, particularly in the production of construction materials for the Soviet Far East. The Minister does not provide any further details on this type of co-operation.

The Labour Minister (pp. 97–107) describes the Soviet–Vietnam co-operation in the field of labour. The Labour Co-operation Agreement, signed on 4 February 1981, provides the framework for the Vietnamese migrant workers in the USSR. During the period 1981–88, more than 60,000 migrant workers (40 per cent of whom were female workers), worked in 250 Soviet state enterprises, particularly in mining, or in factories producing automobiles, tractors, garments, leather products, wood panels, or in power stations. In 1988, the number of migrants increased by ten times compared to the number in 1981, and is expected to increase further in the coming years. This is partly the result of the new Soviet policy to encourage further migration of Vietnamese workers to the Soviet Far East.

The Minister of University Education, Secondary Technical Education and Professional Training (pp. 88–96) reveals some interesting data in his field. During the period 1951–87, the Soviet Union received 3,400 Vietnamese research students (or 50 per cent of all research students sent overseas); 4,800 trainees (70 per cent of the total); 20,700 university students (55 per cent of university students studying in the CMEA countries); and 2,000 advanced research students. In the three largest universities in

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Hanoi, 30 per cent of the professors are returnees from the Soviet Union; so are 50 per cent of all Ph.D. and Masters degree holders.

Soviet Aid to Vietnam through Soviet Eyes

The second book as a whole is quite critical of the current system of aid to the Indochinese states. Neglecting the study of Soviet aid to Cambodia and Laos, which is the subject of three papers, we concentrate on the analysis made by Soviet experts on Soviet aid to Vietnam. But instead of going from paper to paper (there are ten in all), we summarize their ideas under the following headings: 1) inefficiency of aid; 2) Vietnamese responsibility; 3) Soviet responsibility; and 4) recommendations. For reference, a list of Soviet authors and their papers is presented in the Appendix.

Inefficiency of Soviet Aid to Vietnam

Vietnam appeared to have difficulty in increasing its absorptive capacity for an increasing amount of aid (Bk II, p. 75). The volume of Soviet aid effectively spent represented 142.7 per cent of the planned volume during the 1976–80 Plan, but it fell to 65.5 per cent in the following Plan, and to 57.5 per cent during the first years of the current Plan (1986 and 1987). As a consequence, imported capital goods were accumulating in warehouses or in factory sites, and with the tropical climate and lack of adequate maintenance facilities, damage could not be avoided.

In addition, scarce capital and technical resources of both donor and beneficiary countries were utilized in too many projects (Bk II, p. 76). In the 1981–85 Plan, there were 120 projects of different sizes, and in the current Plan, there are 140. While the rhythm of aid increased, the rate of utilization decreased, reflecting constraints of local financial and human resources. As a consequence, frequent delays and postponements took place. For instance, the caustic soda project which appeared in the agreement of 1975, and which was scheduled to be implemented during the period 1977–78 is now being transferred to 1990. The Tinh-Tu tin mine started operations in 1981 while the decision for the implementation of the project was taken in October 1971. The diesel-engine factory project was implemented in 1985 instead of 1977. The Binh-Son cement factory project, implemented in 1984, and the Xuan-Mai concrete project implemented in 1985, appeared in the Agreement of 1971. These extremely long delays, and worse, the freezing of works which had already started, imposed an additional burden on Soviet suppliers who had to replace equipment which was "lost".

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Capacity under-utilization of Soviet-built factories, and even of Soviet-financed infrastructure was also noticeable (Bk II, pp. 73–74, and p. 86). For instance, the diesel-engine factory ran at 37 per cent of its capacity, the tin factory at 54 per cent, and the Binh-Son and Hoang-Thach cement factories at 30 per cent. Because of the latter's under-utilization, Vietnam had to import cement from Hong Kong, Singapore, Indonesia, and also from the USSR. The usefulness of the famous Thang-Long Bridge decreased considerably some months after it was completed as the Chuong-Duong bridge was built soon after.

Responsibility on the Vietnamese Side

Such a state of affairs first reflects the overall social and economic situation of Vietnam (Bk II, pp. 54–56). Large-scale factories exist as "isolated islands in the midst of a sea of an economy which still relies heavily on manual labor" (Bk II, p. 54). Inside the factories, in view of the stage of economic development, there is difficulty in imposing industrial labour discipline. Outside, there is no linkage with other sectors of the economy. These sociological conditions explain other technical weaknesses in the reception of aid (Bk II, pp. 18–19): general non-observance of time schedules in implementation; problems in the maintenance of spare parts, weaknesses in port management, and inadequacy in storage and in transport, which seriously affect perishable products meant for export to the Soviet Union; poor training of Vietnamese technicians and workers; diversion of a large portion of Soviet merchandise into the black market; and non-integration of new products into the Vietnamese infrastructural system, with delays in the supply of inputs (energy, raw materials, means of transportation).

The weakness of Vietnam's institutions was another factor explaining the inefficient utilization of Soviet aid. Since the end of the war, Vietnam has been experimenting many ways to manage its own economy (Bk II, pp. 55–57). It has not yet had time to build up institutions, and to let these institutions mature, and reach some degree of stability. Until now (1987), no efficient state sector has yet existed. Two cases can illustrate this point. The first relates to the Vietnamese system of the distribution of inputs. The number of intermediary agencies constantly increases, creating delays and rising costs. The system is bureaucratic, dominated by people indifferent to the problems of the users. The authorities appear to be aware of these aspects, but solutions suggested are generally of an administrative nature: reduction in the number of suppliers, more supervision, and more reports. These measures rarely bring results, since the system has not yet been able to create incentives for these units to reduce costs, and to accelerate the process of distribution. The second example relates to the banking

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system. Bank credit has lost its functions, so that no consideration is given to the requirement of reimbursement at the maturity of the loan. It was suggested that a new network of commercial banking should be created, but the proposal was rejected.

The inefficiency of Soviet aid could be further explained by the choice of an unrealistic strategy by the Vietnamese authorities (Bk II, pp. 84–85). Emphasis was put on heavy industry, implying large-scale projects, at a time when Vietnam, at that stage of growth and with its existing management capacity, was not in a position to deal with those projects in an efficient way. The working of the planning system was also partly to blame. Those who were responsible for requesting and receiving aid could focus attention mainly on meeting various micro-economic targets, but not on the whole picture of aid. There were even vicious circles linking many aid projects (Bk II, p. 80). Power stations could not work at full capacity because coal mines did not reach planned output. The production of coal in its turn was handicapped by inadequate power supply and weakness of the transport sector.

Responsibility on the Soviet Side

Soviet experts are quick to admit, however, that the ultimate responsibility should lie with the donor. A review of the various weaknesses at the policy level as well as at the project level would help formulate new prescriptions. At the policy level, an adequate aid strategy for Vietnam had yet to be formulated (Bk II, pp. 25–27). The Soviet Union usually assumed that the beneficiary knew best what was needed, not realizing that perhaps its partner might miscalculate in the formulation of its development strategy and in its planning. This blind faith explained its acceptance to finance such projects as the Bim-Son cement factory, or the smelting of ores. The Soviet Union also neglected to take into consideration the state of growth of the beneficiary. An integrated steel plant was useful, but only in the long run; for the time being, Vietnam needed to improve its food production and other consumer goods. In addition, the Soviet Union usually proposed a technical solution to an economic or social problem. For instance, to increase agricultural production, the Soviet experts would suggest the importation of tractors or the establishment of tractor manufacturing and repair factories, or the establishment of fertilizer plants, and the construction of hydropower stations. They usually neglected the climatic conditions or failed to take into consideration the economic and social system of the beneficiary country. Sometimes, the causes of agricultural stagnation lay in social and organizational aspects more than technical aspects. Emphasis was put on large-scale projects, with long

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gestation periods. These not only did not contribute to increase production in the short-run, but also required supplementary efforts on the part of the beneficiary country in terms of new investments in infrastructure to ensure their viability. Not enough attention was paid to short-term problems, by providing technical assistance to rationalize production, and by working with existing factories or infrastructure. The Soviet experts also often neglected to analyse the impact of a project on the whole economy. The present co-operation in science and technology and in training between the two countries had been determined by individual ministries and had not yet been integrated into the overall planning of human resources.

Aid, provided as grants, has also been questioned (Bk II, p. 22). This limits the efficiency of aid, since on the part of the Soviet Union, insufficient attention has been paid to the economic aspects of requested projects; on the part of the beneficiary, waste is invited; the opportunity cost of a ruble provided by an external authority as a grant can never be taken into consideration. Finally, pricing was also cited as another issue in aid policy (Bk II, p. 78). For instance, the Vietnamese usually requested that cement should be included in the provision of capital goods, in spite of the existence of aid-financed cement factories and their under-utilization. But the Soviet pricing system was such that a ton of cement imported from the Soviet Union was even cheaper than a ton of local sand. A Soviet expert (Bk II, pp. 38–40) also expressed doubt whether it made economic sense to grant preferential rates to exports to the Soviet Union and other CMEA member countries of Cuban sugar, Mongolian beef and wool, and Vietnamese rubber and coffee. These rates were established on the ground that they might protect exports of the non-European members of the CMEA against unfavourable terms-of-trade. However, in the long-run this protective policy could be harmful to the exporting countries. For one thing, they might be encouraged to specialize in products for which the international demand was falling. Secondly, this policy could encourage state enterprises of the CMEA's European members to avoid products enjoying preferential rates in one way or another, thus reducing the volume of their imports from non-European member countries. Thirdly, such a policy in the long run would reduce the incentive of the beneficiaries to improve production through cost reduction.

At the project level, technical weaknesses are many: for example, unsuitability of technology as not enough attention was given to the climatic conditions of Vietnam or to its stage of economic development (Bk II, p. 18); carelessness in the design of some projects and sometimes absence of serious feasibility studies; these facts could be illustrated by a review of some projects (Bk II, p. 79). The Xuan-Mai concrete manufacturing factory could not work at full capacity, because a) the housing model

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chosen for the Vietnamese users did not fit the needs and tastes of the Vietnamese population; b) the demand for these products appeared inadequate because the Vietnam Government did not have enough resources for the financing of housing requirements; c) infrastructure required for housing (electricity, sewage system, roads) was not yet readily available. The ball-bearing repair factory had not yet worked in accordance with its plan, and already it had to change its nature and functions. The battery factory also had to be "re-oriented" so that it would use raw materials which did not exist either in Vietnam or in the Soviet Union.

Prescriptions

Recommendations by Soviet experts basically focus on the aid policy of the Soviet Union and other European members of the CMEA. They include the reformulation of an overall aid strategy, and suggest a new programme of aid to Vietnam.

Soviet experts believe they should first help Vietnam to reformulate its development strategy (Bk II, pp. 58–59). It is true that Vietnamese and Soviet experts have exchanged ideas on these subjects, but up to now, these meetings have taken place at a low level, and even when they agree on some resolutions, nothing concrete results from these meetings. However, the reason for this failure should also be attributed to the lack of reliable data, the absence of a deep understanding of the workings of the Vietnamese economic system, the non-availability of a precise economic model which can be used in the case of Vietnam, at a time when the Soviet Union is also in search of new economic formulae to solve its own economic problems. It is clear, however, that some agreement should be reached if aid is to be effective. Closer technical co-operation for the planning of the economy should be considered, even at the risk of raising the issue of national sovereignty (Bk II, p. 28). Financial and technical assistance should match the absorptive capacity of the country. The flows of investment should be concentrated in priority areas (Bk II, p. 90). Thus, in contrast to the past trend of putting emphasis on capital goods, the Soviet Union should in the future provide a greater portion of consumer goods at the expense of equipment goods, assist in export promotion efforts of Vietnam and focus on co-operative programmes with clear-cut export objectives (vegetables, coffee, tea). With regard to the form of aid, the proportion in grants should be reduced (Bk II, pp. 21–22). More attention should also be paid to the welfare of workers in Soviet-financed projects (Bk II, pp. 81–82). Adequate housing and food supplies have to be made available, including, if required, additional supplies provided by the Soviet Union. This would make labour discipline possible, encourage higher

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productivity, and discourage the transfer to other places of Vietnamese technicians who have been specially trained to operate Soviet-financed enterprises.

As a result of the new strategy, a detailed programme of co-operation with Vietnam could be formulated (Bk II, pp. 13–16). The programme requires a new form of co-ordination at three operational levels: between ministries, between state enterprises, and between regions (Bk II, pp. 128–30). Co-operation between ministries should be concentrated on projects in infrastructure, energy, mining extraction and some large-scale basic industries such as steel mills, tool factories, and so forth. For other industrial projects, co-operation between newly autonomous state enterprises of both countries in the form of joint ventures would assure optimal conditions of efficiency, with their flexibility, dynamism, and decisions based on economic calculations. As for regional economic co-ordination, it is proposed to strengthen the links between Vietnam and the Soviet Far East through the exchange of goods, migration of Vietnamese labour, and establishment of joint ventures.

Joint ventures to be created by the state enterprises of Vietnam and those of the CMEA European members could specialize in:

1. the development of products such as rubber, coffee and tea for export to Eastern Europe;
2. the extraction of mining products or any other promising raw materials;
3. the development of a common transport system, with emphasis on the development of sea transport linking Vladivostok and Vietnamese harbours;
4. ship-building and repair facilities; Vietnam may one day become a base for the repair of large ships, from which goods from the CMEA member countries could be processed and penetrate the Asian–Pacific market;
5. consumer electronic industries in Vietnam with the technical participation of French, Japanese, ASEAN and South Korean firms;
6. fishing industry; this includes not only the creation of a fishing fleet for these fishing companies, but also the establishment of fish-related industries (including canned fish) for export to the Asian–Pacific region;
7. the timber industry; in particular, joint ventures could be created between the Soviet Union, Vietnam and Laos in wood-processing and related industries;
8. industrial exports from Vietnam to the developing countries of the region (Bk II, pp. 13–14, 133).

With regard to the link between Vietnam and the Soviet Far East, co-operation should be explored:

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1. in light industries, particularly for the production of garments, and shoes; these types of factories in the Soviet Far East now work at half their productive capacity because of shortage of labour, and can meet only 65 per cent of the demand. In Vietnam, these factories work at one-third of their capacity. There is then room for co-operation between Vietnam and the Soviet Far East in terms of technical assistance, division of labour for certain products, mutual exchange of products, and greater utilization of Vietnamese migrant labour;
2. in agriculture, particularly in the following areas: Vietnamese migrants working for the Soviet Far East in gardening, wheat cultivation, groundnut farms belonging to the state in the Amur region, state vegetable farms in Khabarovsk or Primorye; and the processing of Vietnamese fresh fruits (freezing, drying and canning) in the harbour cities (Vladivostok, Nakhodka, Vanimo) in accordance with the agreement signed in 1986.
3. in the fishing industry; Vietnamese labour could be attracted to work in fishing companies or in fish-related industries (Bk II, pp. 15–16).

Conclusion

From the Soviet viewpoint (Bk II, p. 12), total aid to Vietnam from the Soviet Union and other European members of the CMEA has been considered inadequate, being equivalent to no more than 7 per cent of the aid granted to Cuba or Mongolia, in per capita terms. However, it remains crucial for the functioning of the Vietnamese economy, at a time when Vietnam is basically in economic isolation. Soviet aid has been provided for more than thirty years, but judged by soul-searching issues raised by Soviet experts, and the actual result in terms of the degree of development of the beneficiary country, it has not been considered a success. The first reason for this situation can be found in the economic model which advocated heavy industry and import substitution as the only way to modernization. Attempts to promote change, to resolve structural and institutional issues, to reorganize and redistribute internal resources for more productive utilization appeared to be absent in the conceptual framework of aid. With the reforms which are taking place both in Vietnam and in the Soviet Union, the approaches to aid are becoming less ideological. Gorbachev himself redefined the function of Soviet aid in these terms: "The objective of Soviet aid to Vietnam is to make Vietnam stand firmly on its own feet, and move forward" (quoted by the Vietnamese Foreign Minister Nguyen Co Thach, Bk I, p. 9). Already, the reasoning of Soviet economists does not differ greatly from their counterparts in the Western world. However, Soviet aid agencies have not yet been able to work out

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a type of aid conditioned on structural and institutional adjustments, and designed to support them. Nor have they experienced the kind of loose and informal co-operation and co-ordination enjoyed by Western governments' aid agencies and multilateral organizations. The Soviet Union may like to emulate this experience, assuming that the economic embargo will be lifted and that the flows of aid from the industrialized countries and multilateral agencies will be forthcoming. In these circumstances, the UNDP/Vietnam may have to play the crucial role of aid co-ordination, at the same time acquiring a deeper knowledge of Soviet aid in Vietnam, and helping the Soviet Union to play its role in a more efficient way in the community of donor nations.

APPENDIX
List of Soviet Authors and Articles of Book II

Since reference to Vietnamese authors has been made explicit in the text summarizing Book I, the following list includes only Soviet authors and titles of their articles published in Book II. The Vietnamese transliteration of Soviet names, based on Vietnamese phonetics, may differ from the English transliteration. The English transliteration is used when known.

1. Trigubenko, M.E. "Relations between the Soviet Union and the Indochinese states: For a new mechanism of aid and a new strategy of co-operation", pp. 5–16.
2. Iovchuc, S.M. "Salient features of the co-operation between European members of CMEA and Vietnam", pp. 17–44.
3. Bogomolov, A.M. "Reflections on the co-operation between the Soviet Union and the Socialist developing countries", pp. 45–53.
4. Bogatova, E.R. "Economic and social development of Indochinese states: Issues and perspectives", pp. 54–62.
5. Kukuskin, A.A. "Some issues on the social and economic development of the Socialist Republic of Vietnam", pp. 63–71.
6. Pravdivxev, A.C. "Realities and specific issues in the technical and economic co-operation between the Soviet Union and Vietnam", pp. 72–82.
7. Malugin, X.A. "Economic co-operation between the Soviet Union and Vietnam: For a new method of providing aid", pp. 83–95.
8. Kuntus, L.M. "Co-operation between the Soviet Union and Laos: Issues and perspectives", pp. 96–104.
9. Jioanesjan, S.I. "Economic co-operation between Laos and Vietnam as an important international factor in building socialism in Laos", pp. 105–18.

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10. Ovsiannikov, Ju.I. "Role of external economic relations in the economic and social development of Cambodia", pp. 110–25.
11. Mikheev, N.V. "Some aspects of economic relations between the European member countries of CMEA and the Indochinese states, and scope of the latter's participation in the Asian and Pacific market", pp. 126–37.
12. Teperman, V.A. "Possibilities of economic co-operation between the Indochinese states and ASEAN countries", pp. 138–45.
13. Covalev, A.Ph. "The 6th Congress of the Vietnamese Communist Country and external economic co-operation between Vietnam and other Socialist states", pp. 146–52.

NOTES

1. In Vietnamese: *Quan He Huu Nghi Va Hop Tac Toan Dien Viet Nam — Lien Xo* (Hanoi: Nha Xuat Ban Su That, 1988).
2. In Vietnamese: Uy Ban Khoa Hoc Xa Hoi Viet Nam, Vien Kinh Te The Gioi, *Van De Hop Tac Kinh Te Giua Cac Nuoc Dong Duong Va Cong Dong Xa Hoi Chu Nghia* (Hanoi: Tai Lieu Luu Hanh Noi Bo, 1988).

BUU HOAN is an international consultant living in Washington, D.C., USA. He visited Vietnam in 1989 with two economic missions and was previously a Board member of the Asian Development Bank as well as Senior Economist of the International Monetary Fund.

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Contemporary Southeast Asia, Volume 12, Number 4, March 1991

Book Reviews

***Ethnic Conflict in Buddhist Societies: Sri Lanka, Thailand and Burma.* Edited by K.M. de Silva et al.** Boulder, Colorado: Westview, 1988. 220 pp.

This volume represents the output of a workshop on "Minorities in Buddhist Polities". Five of the chapters deal with Sri Lanka, three with Thailand and two with Burma while three chapters on "theoretical issues" are not country-specific, dealing mainly with the nature of Buddhism.

It is clear from the introduction by K.M. de Silva that the rationale for the workshop and for the book was the puzzlement why ethnic conflict should be so rife in societies dominated by that most tolerant and non-violent of all religio-cultures, Buddhism. As P.D. Premasiri states in his chapter on Buddhist doctrine, "Within a polity governed by Buddhist principles, the problem of minority rights should not exist at all". The problem in the book, and for the readers, is that the contributors are undecided whether this is, in fact, a sensible focal question, and they repeatedly veer away from it or ignore it. Thus, the unevenness and disjointedness of the contributions arise not just from the significant variations in quality but also from the failure to confront the theoretical issue as to the validity of the primordialist argument — namely, that ethnic conflict arises from the incompatibility of the values of cultural majorities and minorities.

Some of the chapters are excellent, and give us various clues to the causes of ethnic conflict. In a chapter on the attitudes and values of Sri Lankan monks, Nathan Katz finds the Buddhist *sangha* perfectly willing to assert the universalistic values of Buddhism, the legitimacy of other religions, and the revulsion of violence, while, at the same time, defending

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the Sinhalese-Buddhist identity of the state and denying the legitimacy of Tamil grievances. Clearly, there seems to be no connection, at the level of consciousness, between religious values and ethnic relations.

This issue of the relationship between ethnic conflict and religious values is tackled most clearly in the excellent exposition by Surin Pitsuwan on the Pattani Muslims of Southern Thailand, and by Ronald Renard on the minorities in Burma. Pitsuwan documents the clash between the Buddhist values of the assimilationist state and the Muslim values of the Pattani Malays, showing, for example, that Muslims can only sing the Thai royal anthem without committing blasphemy as long as they fail to understand the words sung, or are willing to take the words as having symbolic rather than literal meanings. Pitsuwan's suggestion is not just that the ethnic tension has focused on such religious issues, but that it is indeed "the differences in the cosmological structures of their two different religions" which is the primary cause of ethnic conflict. But there are two problems with this argument. Firstly, it side-steps the fact that the clash of religious values only arises as part of attempts by the state at domination — economic, political, cultural as well as religious — of the minority community. The non-Malay Muslims of Thailand have not faced the same problems of integration. Secondly, ethnic conflict frequently cross-cuts religious cleavages, so that while Buddhists sometimes fight non-Buddhists, they also frequently fight fellow Buddhists. In Sri Lanka, Muslims and Buddhists have been perfectly capable of allying politically with each other since the 1940s (see the chapter on Sri Lanka's Muslim minority by K.M. de Silva); and in Burma, as Renard shows, some of the separatist ethnic minorities are indeed Karen Christians or Arakanese Muslims, but most of the rebels, like the Shans and the Mons, are co-religionists of the majority Burmans.

Renard's historical study shows clearly that it is neither religious differences between the Buddhists and non-Buddhists which cause the tension; nor is it racial or ethno-linguistic distinctions. Rather, the key to ethnic conflict lies in the way in which those with access to power, and especially state power, choose to identify themselves, and relegate others as inferior, excluding minorities. The implication is that the focus should be not so much on Buddhism as a majority religion and culture but rather on the role of Buddhism as a resource in state ideology. This is recognized most clearly by K.M. de Silva in his chapter on nationalism and the state in Sri Lanka, but, unfortunately, he fails to develop the theme in his editor's introduction.

The book, thus, does contain material of interest to students of Buddhism, and of ethnic politics in the three countries. It does not itself offer a clear analysis of the relationship between Buddhism and ethnic

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conflict, but it does offer a starter. The Buddhist religion itself probably neither causes nor inhibits ethnic violence; but we can perhaps begin to understand how and why Buddhism is employed as a resource by ethnic communities and the state.

DAVID BROWN
National University of Singapore

***Political Economy of Non-alignment: Indonesia and Malaysia.* By Kalyani Bandyopadhyaya.** New Delhi: South Asian Publishers, 1990. 318 pp.

This book deals with the history of Malaysian and Indonesian foreign policy. The term "political economy" appears in the title. It is a term which might convey various meanings these days. In the present case, it appears that Bandyopadhyaya blends a consideration of international economic links with the traditional approach of diplomatic history.

The main theme of the book is that for Malaysia and Indonesia non-alignment has been more an item of rhetoric than an accurate guide to foreign policy behaviour. The author argues that the fragile nature of the developmental achievements of these countries and their extensive economic links to Western economies have prevented them from achieving genuine non-alignment. To the author, this is a failing. Malaysia and Indonesia should, she believes, be striving for economic development, but not at the price of dependence on the West. While this may be a sentiment we can readily embrace, how realistic is it, especially when considering the early decades of industrialization? From where is the capital to enable large-scale investment and thus growth to come from if it is not available in sufficient quantities locally? Is it possible to pursue a genuinely independent and non-aligned foreign policy when one's economy is highly vulnerable to external pressures? This is a sharp dilemma confronting most developing countries. In an increasingly independent global economy it is not just the South which is finding its freedom of foreign policy movement restricted but the countries of the North are also wrestling with the same problem.

More broadly, I was frustrated by the author's apparent acceptance of non-alignment as an uncontested term. What does non-alignment really mean today? Is it still a useful concept? Even before Mikhail Gorbachev turned the strategic world upside down, the meaning of terms such as

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"non-alignment" and "third world" were of declining utility. In the case of the two countries at hand, while it is true that they have been generally closer to the West than the East in their foreign policy orientations, this book does not reveal much about the periodic tensions in relations between Washington and Jakarta and Kuala Lumpur. We hear little about American irritation with the fact that Indonesia and Malaysia frequently vote against the United States in the United Nations, or about tensions on issues such as the handling of the Indochinese refugees.

I did not find this an inspiring book. It fails to take us beyond earlier important studies such as that by Franklin Weinstein. While I welcome Bandyopadhyaya's use of a comparative approach, there is a real problem of lack of "local flavour" with this book. Far too often Bandyopadhyaya relies on unrevealing official statements for evidence, apparently accepting them at face value. Gaining access to material and capturing the essence of local politics is always a major problem for foreign scholars, but one might reasonably expect more than is offered here.

Though it does not really carry us forward in our understanding of the dynamics of foreign policy in Indonesia and Malaysia, this book will be of some interest to other scholars working on the subject.

ANDREW MACINTYRE
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Griffith University

***China and South Asia.* By Ramakant.** New Delhi: South Asian Publishers, 1988. 195 pp.

It is usual to think of South Asia and Southeast Asia as two security complexes, a term which Barry Buzan explains as "a relatively self-contained pattern of security relationships among a geographically coherent group of states" (*Contemporary Southeast Asia*, Volume 10, Number 1, June 1988). However, the demission of Soviet ideology and the possibility of reduced U.S. involvement in East Asia are likely to cause a certain overlapping of sub-regional security concerns in the years to come. Whether or not local powers dramatically rush in to fill the vacuum left by the withdrawing superpowers, greater interaction between South Asia and Southeast Asia is likely to occur as evolving local — that is, transregional — realities overshadow the historical imperatives which indirectly led to the formation of the two distinct security complexes.

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China and India occupy the central place in that interaction. It may be that Beijing–New Delhi relations have been relatively autonomous of the overall global concerns of each side; it is also true that Sino–Indian rivalry has had to do primarily with their contest for supremacy in South Asia. But these premises may not be applicable to the period Asia is entering. Chinese interest in Southeast Asia can only deepen, not least in response to Japan's emerging attitudes to the region; India, too, is exploring a role in Asia that is commensurate with its position, size and strength. It is unlikely that Beijing and New Delhi will not be drawn into a new relationship in Southeast Asia. It is even more unlikely that the two countries' experiences and perceptions of each other will not impinge on that new relationship. An appraisal of Sino–Indian relations, and more generally of China's attitudes to South Asia, is pertinent, therefore, in assessing the Southeast Asian situation.

The essays in this book attempt that appraisal with mixed success. Most are rather detailed histories, written from the Indian point of view, of China's relations with particular South Asian states, valuable as a source of reference perhaps but otherwise covering familiar territory. There are the usual descriptions of the Sino–Indian conflict of 1962, and Chinese support for insurgencies in India's Northeast, as well as the proto-Maoist Naxalite movement in the early 1970s; China's encouragement of Pakistani efforts to offset Indian dominance; Beijing's opposition to the Bangladesh movement in 1971; Sri Lanka's attempt to find a Chinese counterweight against India after that event; and, of course, China's special relations with Nepal. Here and there, we find references to the problems China encountered in aligning the two dimensions of its dual-track policy — state-to-state relations and party-to-party ties — in South Asia. These leads, which alert us to the complexity of communist China's pragmatic relations with capitalist countries, are soon lost, however, in painstaking analyses of historical phases and neat eras.

A very different note is struck in an article by Air Commodore Jasjit Singh, who studies the transformation of the People's Liberation Army in the context of China's overall modernization. Air Commodore Singh succeeds admirably in explaining some of the political software, without an understanding of which descriptions of military hardware remain frozen on the outer reaches of international relations scholarship.

The best papers in the collection deal with themes rather than periods, probing the complex dynamics of South Asian politics and, in the process, advancing a refreshingly candid assessment of both problems and prospects in the region. One such essay is by G.P. Deshpande, who notes darkly that South Asia is entering "a phase of uncertainty, destabilisation, internal strife and decline, if not demise of economic and political sovereignty".

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Various contradictions — primarily that of the smaller states of the area with India — are extremely important in speculating how the Chinese react when the "pieces start falling apart in South Asia".

That rather extreme view is answered in Monoranjan Mohanty's essay on "India-China Relations on the Eve of the Asian Century". Mohanty considers Asia to be on the threshold of technological, economic and political power, a situation in which "the rulers of India and China today share a common perspective on modernisation and can communicate with each other far better than before". He is confident that India and China can resolve their border problems once they make the issue part of a wider understanding linked to the two countries' roles in Asia. The incentive for China in not promoting tensions between India and its neighbours is that such tensions strengthen the superpower presence in South Asia, which is "expensive" for China as well. India, on its part, needs to recognize that a domineering attitude encourages the smaller South Asian states to seek a Chinese, or other, counter-balance to India.

Dismissing the continent's division into East Asia, Southeast Asia, South Asia, Southwest Asia and West Asia as the handiwork of colonialism, Mohanty calls on India to redefine its China policy in terms of pan-Asian, rather than a purely South Asian, framework. He acknowledges that this framework cannot be one of solidarity given existing contradictions, but he plays down the nuclear element to argue that the pan-Asian balance will not be a balance of terror. It will consist of "limited but constructive cooperation" accompanied by a competitive relationship among countries such as India, China and Japan.

Much as Asia desperately needs co-operation between India and China, we can note two problems in visualizing that co-operation in these terms. The first is the fallacy of assuming that merely because the two countries have a common perspective on modernization, their political thinking will draw correspondingly close, and close enough to overcome the considerable differences in world-view which have marked their dealings for the past forty years.

The second problem is that it is meaningless to speak of co-operation coexisting with competition without addressing the specific issues which might force a choice between the two attitudes. However, this is not to belittle Mohanty's boldness in advancing the idea — a boldness that is refreshingly different from the cynical strait-jacket into which assessments of Sino–Indian relations tend to fall, most of all in the two countries themselves.

The essays in this book, which were delivered as papers at a seminar in 1986, were written before a number of important contemporary developments took place in Asia: the Indian intervention in Sri Lanka's civil war;

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India's role in frustrating the coup attempt in the Maldives; former Indian Prime Minister Rajiv Gandhi's visit to China; the Sino-Soviet summit; India's trade rift with Nepal which healed following the democratic revolution in Kathmandu; and, of course, the Sino-Indonesian decision in July 1990 to restore diplomatic ties.

A future volume in the series to which the publication belongs — South Asian Studies — can address these, and other developments, not so much to present yet another history but to offer an analysis of the trends in a region whose destiny is going to be crucial to Asian stability as a whole. Of course, if the winds of change that have swept away the East European regime finally arrive in China, historians might find it difficult to keep pace with the creation of history.

ASAD LATIF
Business Times, Singapore

***The United States and the Defence of the Pacific.* By Ronald D. McLaurin and Chung-in Moon.** Boulder, Colorado: Westview Press, 1989. 353 pp.

In early 1990, U.S. Defence Secretary Dick Cheney declared that the Bush Administration would slash the number of U.S. forces in the Far East by 12,000 troops over the next three years, 5,000 of which would come from forces stationed in the Korean peninsula; while the rest would come from Japan and the Philippines. We are thus in a period where the lessening of superpower tensions, re-emergent nationalisms, talk of American "declinism" and domestic economic problems have forced U.S. policy-makers to reconsider the role and structure of their armed forces world-wide. In this respect, one can hardly fault the timing of the authors of this book for they offer much food for thought and discussion on an issue of relevance to all states in the Asian-Pacific region.

The first section of the book provides an introductory discussion of U.S. national interests and overall defence posture in the Far East. The authors are quick to highlight the central role that maritime power plays in the national military strategy of deterrence, forward defence and coalition warfare (p. 38). This theme of naval supremacy continues in the next section where the authors delve, very competently, into the technical details of the force structure and deployment patterns of the Pacific Fleet. The focus of the inquiry, however, is so skewed towards naval force roles

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and configurations (a total of 34 pages) that the discussion on the corresponding structure and organization of the army and air force appear paltry by comparison (a combined total of 21 pages). But perhaps this is understandable, given the authors' declared observation that it is the U.S. Navy that is the cornerstone of U.S. Pacific strategy. Elsewhere in the book, the authors cogently discuss some major issues and problems facing the military in general, like the diminishing overseas basing network, inter-service strategic lift shortfalls, and bureaucratic rigidities, among others (see pp. 293–302).

Most readers not of an overtly military or technical bent will find Parts Three and Four of the book the most rewarding. Here, McLaurin and Chung roll up their sleeves and plunge into the mass of complex issues that plague relations between the United States and its allies in Northeast Asia, Southeast Asia, and Oceania. To their credit, they succeed in clarifying three main points: first, the United States is a Pacific power by virtue of historical, political, economic, security and social linkages with the states in the region (p. 7). Hence, the United States wants to remain a Pacific power, and is unlikely to unplug itself from the region as some alarmists would have us believe (p. 290).

Secondly, because of these linkages, the U.S. security commitment to the Pacific is taken seriously by its policy-makers. McLaurin and Chung do acknowledge, however, that the Pacific still plays second fiddle to the European theatre in terms of strategic priority (p. 279), due to the latter's even closer historical ties to the United States. Nevertheless, because of the "interactive importance" of the Pacific theatre (p. 280), in the sense that it is a vital link in the global defence network, U.S. officials are cognizant of the fact that if the Pacific were lost, the ability to reinforce operations in the Persian Gulf, whose oil is vital to Europe, will be severely curtailed. Thus, the Pacific is important both as an end in itself and as a means of supporting the American world-wide defence network.

Therefore, (and this is point three) the real issue is not whether the United States will remain a Pacific power, but "what kind of Pacific power" (p. 290). How will the United States overcome the very real budgetary and political constraints it faces and maintain its continued commitment to the region? The rather familiar refrain of "burdensharing" is put forward and this theme is used by the authors to link together the discussions on the problems underlying U.S. relations with, first and foremost, its Northeast Asian allies (Japan and Korea in the main, and to a lesser extent, the People's Republic of China, Taiwan and even Hong Kong and Macao); its Southeast Asian friends (mainly the Philippines and to a lesser extent, the remaining ASEAN states); and finally, the ANZUS partners in Oceania (Australia and New Zealand). McLaurin and Chung also recognize

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the growing importance of the Central and South Pacific islands by devoting a helpful section to an overview of U.S. relations with states like Fiji, Papua New Guinea, Kiribati and others.

Perhaps a significant blemish on an otherwise important contribution to the literature is the authors' rather inelegant, conservative assumption of a fairly monolithic threat consensus among the United States and its myriad Pacific allies. At one level, one wonders if their rigid assessment of the Soviet threat is still valid: for instance, they make a lot out of the Soviet facilities at Cam Ranh Bay (p. 26), but the Soviets have, since late 1989, significantly scaled down their forces at the base. Moreover, the authors too readily dismiss Gorbachev's peace initiatives since Vladivostok (1986) as old-fashioned Soviet 'subtleties' (p. 308). Is this necessarily the case? To a certain extent, a common fear of Soviet might does rally the allies around the American corner, but the authors tend to over-emphasize this and gloss over the serious discrepancies in local threat perceptions, especially among the Northeast and Southeast Asian allies (see, for instance, pp. 171–72 and 203). These differences are likely to be exacerbated as the states continue to reassess the Soviet threat, and other threats are seen to emerge and assume greater importance (for instance, the ASEAN states' fear of the naval might of China, India, and even Japan). It is a pity that the authors did not discuss in greater detail the impact of differing and, at times, even cross-cutting intra-alliance threat perceptions on the cohesiveness of the Pacific defence network.

Another drawback in the book is the authors' rather facile treatment of the impact of "domestic dissensus" on U.S. relations with its Pacific allies. They note that the present complex multi-stage decision-making process involves not only the executive and legislative branches but also multiple interest groups, resulting in policy that "lacks continuity" and hence credibility (p. 307). Since the authors concede that this internal wrangling may well pose "the greatest threat to US defence co-operation in the Pacific" (ibid.), surely a more integrated and in-depth consideration of the issue is warranted.

When one looks at the totality of the effort, however, it can be said that the authors have produced a fairly comprehensive, informative and readable piece of work which may be useful to both advanced undergraduate and graduate students of the U.S. military in general and U.S. defence policy in the Pacific in particular. It is a welcome entry to the existing field of literature and deserves wide readership.

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The Asian Dilemma in U.S. Foreign Policy: National Interests versus Strategic Planning. **By K. Holly Maze Carter.** Armonk, New York: M.E. Sharpe, 1989. 247 pp.

The book is intended to be an undergraduate textbook with the purpose of providing, as the author puts it, a broad perspective on specific trends in U.S. foreign policy in East Asia. The book should be judged against this intention in terms of an overview or summary rather than as an attempt to bring to light new information or views previously not included in other works.

As an undergraduate text the book has definite appeal; it is well written in lucid, readable English, which is more than one can say about some specialists' works. It provides for student needs by supplying a chronology of events in U.S. policy towards East Asia from 1784 to 1987 (pp. 155–85) and an appendix of selected documents (pp. 187–219), leaving 152 pages of written text. Within the 152 pages the author calls for a coherent U.S. foreign policy towards East Asia, one that would be based upon strategic planning rather than reactive responses to developments. In this context, Chapters 1–2 (pp. 3–58) are largely historical and cover what have been called "past dilemmas" in U.S. foreign policy. The Asian dilemma in U.S. foreign policy is not readily defined or analysed but left implicit, and throughout the text the word "dilemma" seems to have been used as a synonym for difficulty. The quest for coherence in foreign policy arises from those who demand consistency and rationality in a world often characterized by inconsistency and even irrationality. How, for example, can U.S. strategic planning embrace policy towards disparate states or regions such as China, Korea and Southeast Asia while reconciling the defence and economic priorities in its relationship with Japan? The idea of the all-encompassing unifying formula which would resolve all dilemmas in U.S. policy towards the Asian-Pacific region is a chimera and reflects a socio-cultural impatience with the ambiguities of international politics that older cultures have been compelled to tolerate. Refreshingly, the book has none of the romanticism about China that had been characteristic of similar books by American authors in previous years. The author recognizes that the "potential for political and economic instability remains high in China" (p. 123) but also perceives that the rationale for the U.S.–Chinese strategic relationship may be removed by Soviet foreign policy under Gorbachev (p. 36).

On Japan, the author refers to Doi Takeo's concept of *Amae* (his name was misspelt on p. 226), or dependence in a particular Japanese sense. *Amae* means that the stronger partner in a relationship must indulge the weaker in the way that America is expected to indulge Japan in terms of

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the latter's trade surplus with the former. The author regards Japan as America's most important ally in keeping with mainstream assessments of Japan's role for the United States. Otherwise, however, she gives vent to recent American frustration with Japan, stating that Japan's "economic expansion became a threat to U.S. national interests" and that vast increases in Japanese imports contributed to the "loss of American jobs" (p. 143).

One statement that has been overtaken by events concerns the bases in the Philippines from which the United States "cannot pull out" because they are "considered vital for U.S. strategic interests in the region" (p. 136). The idea that the changes to Soviet foreign policy under Gorbachev may have removed the basis of the U.S. strategic relationship with China, is indeed a poignant observation. The author failed, however, to examine the probable consequences of change in the Soviet Union upon other areas of U.S. policy towards the Asian-Pacific region such as the alliance with Japan and the bases in the Philippines. None the less, undergraduate texts are useful for specialists in that they provide insights into the popular political consciousness of a country in terms of what is considered important for students. This book is no exception in this regard.

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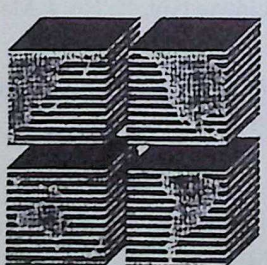

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